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We Have Goods, But Can't Sell Them

A Vital Need Today Is Financing Foreign Trade

By William C. Redfield

Former United States Secretary of Commerce

WITHIN a few days two manufacturers, each the largest of his kind in the country, agreed in conference that their present output did not exceed 45 per cent. of normal. Both would eagerly welcome orders from abroad but are too well informed to expect many under existing circumstances.

In a city of the Central West a large order from India awaits financing until the rupee shall have been restored to about its normal value in exchange. With such financing the order could be filled. Without it, it cannot.

In one of our large industrial centers an order for the municipality of Rio to the value of half a million awaits long term financing because of the present low exchange value of the milreis. With such financing the order could be filled. Without it, it can not.

In the harbor of Buenos Aires American goods to the value of forty millions are stored and undelivered. Among them are 3700 automobiles.

In the harbor of Callao the warehouses, freight cars and customs stores are filled with undelivered American goods. In the bay are scows loaded with American goods

that cannot be delivered, and constant theft of these goods occurs by men in motor boats who attack the watchmen and seize the property. To a greater or less extent this congested condition prevails in the major ports of South America.

Within sight of the writer's office are anchored many idle ships awaiting export cargoes. These cannot be had for lack of financing. From the same window are visible warehouses in which goods to the value of tens of millions are stored which have been sold for foreign shipment but for which payment cannot be made.

The price of cotton, the price of copper, the price of wheat all reflect the absence of a sufficient export market.

So it is evident we have goods to sell but are not selling them. It is equally clear that the world is eager for these goods but cannot buy them. Yet this is not because the world cannot ultimately pay for these goods; it is because they lack present means of payment. They require the use of these goods while they are earning the means to pay for them. In other words, they require the element of time in foreign trade in a sense and to a degree in which they have never required it before.

Why do not the banks finance this business? Simply because they can not. They have done a great deal, but their own assets must be held in greater part liquid because their liabilities are payable on demand. They cannot, therefore, provide the element of time on their loans which their depositors do not permit them on their deposit accounts. They can go so far—not too far and not far enough to complete the present task. We have reached the end of our financial rope in that respect. Not only so, but we have created a floating debt to us of about four billions,—no one knows just how much, but something like that sum. Although individual items in this vast aggregate are being adjusted from day to day the total is not materially diminished. It may be increasing. So long as it exists, therefore, it remains a menace and in a sense a partial blockade of further business at a time when we need that further business very badly.

This floating mass of frozen credits is in the form of foreign bills,—some of them many times renewed,—or in the shape of deposits abroad to the credit of American houses which they cannot get because of the current rates of exchange, or in the shape of open accounts which Amer-

ican concerns have granted foreign customers, and also in the form of loans by banks to American customers, necessary by reason of the failure of foreign remittances. This is affecting in one or another way the credit of many institutions among us and thus hampering their operations.

AN INSTITUTION WITHOUT DEMAND LIABILITIES

It is obvious something is needed which we lack. That is an institution without demand liabilities which shall be able to take up or refund in one or another way the existing foreign obligations, or furnish long term credits for their absorption, which shall also make liquid the orders now withheld by supplying the means to make these purchases on credits of such term as will permit earning the means of payment with the tools or materials bought. Such an institution furthermore should provide the means of establishing American-owned industries abroad so that we may have a measure at least of the same good will in foreign markets that our great competitors enjoy.

It is for the purpose of doing all this essential work which no existing institution can do effectively that the Foreign Trade Financing Corporation is being organized. It is not an original American idea. It is an English device long established and profitably operated in Great Britain. Its coming would supply us with a trade weapon which our competitor now has and without which we are being daily obliged to refuse or ignore good business which ought to be keeping active many an American factory now idle. If labor saw the facts in their true light, it would be demanding the instant formation of this corporation. If capital understood its true relation to prosperity, it would leave no stone unturned to bring it promptly into being.

Banker Talks on Loans

Wheeling.—W. B. Irvine, Vice President of the National Bank of Wheeling was the speaker at a recent meeting of the Wheeling association. Mr. Irvine pointed out that in loaning money to a new corporation there are three important factors to consider: First the character of the man at the head of the firm seeking the loan, next the experience that the man may have had that the banker may know whether or not he has the ability to do what he is setting out to do.

There is, of course, a special hazard in making loans to new concerns but bankers are as a rule able to get a pretty fair measure of the risk. Mr. Irvine declared that business men often criticize banks unjustly because the banker refuses to loan money to people who perhaps deal principally with out-of-town institutions instead of through their local bank.

Economic Annexation Our Opportunity and Duty in Europe

"WHETHER we will or no, the prosperity of America is interwoven with that of the rest of the world. When the world is well, we are well, and when the world is sick, we are sick," declared Francis H. Sisson, vice-president of the Guaranty Trust Co. of N. Y., at the recent Foreign Trade meeting of the Chicago Association of Credit Men.

"Although we did not annex Europe politically or any portion of it," he said, "we did annex Europe economically. While before the war we were debtors to Europe to the amount of five billions, we are to-day Europe's creditors to the extent of about fifteen billions. Like any wise credit man, we must help to nurse the debtor from whom we hope payment."

"The situation that we face is simply one of intelligent selfishness, which sees that the welfare of the other fellow is vitally our own. That is the lesson above all others we must take home with us to-day, because we find industry stagnant, we find the products of our factories and our farms and mines piled mountain high, with no buyers. We find four million idle men walking our streets; we find upon our farms more unsold farm products than at any other time in the history of our country at this date. We have a year's cotton supply raised ahead, two years' supply of wool and tobacco, and copper, coal, and all sorts of commodities stacked up because there is no buying power, because three hundred millions of people have been taken out of the buying markets of the world as a result of the war and the whole economic system of Europe is in total disruption."

"Until that buying power is restored and until economic, political and social order is restored, the surplus products of our land will not find their market and prosperity will not be enjoyed."

"We must not ask of the world that it ship us gold in exchange for our products. We already have more gold than we should have,—more than one-third of the world's total supply. In the past six months over three hundred and fifty millions in gold has been shipped us and we shipped out only seventy millions, and that hoard of gold with its temptation toward inflation and unbalancing of trade relations becomes a liability and not an asset. The world must trade with us with goods and services, and until that equilibrium of the world's trade is established we will not be on a sound financial basis ourselves."

PART PLAYED BY CREDIT IN THIS SITUATION

"How large an element credit is in this situation, you know as well as I, but perhaps for your better understanding I might cite a few figures in connection with the credit inflation which the banks have had to handle during the past few years. I was astonished myself in reviewing the figures. In 1915 there was rediscounted in Federal Reserve Banks one hundred and fifty millions, in 1916 two hundred millions, the next year eight billions, the next thirty-seven billions, and the next year seventy-nine billions."

"That huge extension of credit went to finance the commercial and industrial needs of this country through the borrowings of the banks on the commercial paper your businesses had placed with them."

"No one can say that our banking system has not been stretched to the limit to meet this credit problem. Yet your commercial banks are organized to do what

on the whole should be a ninety-day business. They are not organized to extend credit on long terms or to extend credit that is necessary for financing foreign trade on the terms that are necessary, and so I want to present a picture to you of the credit extension which we feel must be adopted if we are to relieve our tension here."

"I do not need to say to you men that the banks do not create credit. Credit is the means by which real wealth and real value are exchanged. We cannot create credit. The false economic theories that have sprung up all over the world to meet this condition form one of the greatest dangers of the situation."

PEACE AND PRODUCTION THE ONLY REMEDY

"Peace and production are the only remedy for the present conditions in Europe. There alone lies a cure. The people must learn that they must either work or starve, either save or want."

"But they cannot work unless they have the tools and materials to work with, and in their broken-down condition they have not the tools and materials. In spite of that fact, however, there are throughout Europe many credit resources which can be availed of in the extension of American trade under sufficiently liberal terms. They are willing to pledge anything they have: government bonds and obligations, tariff revenues, tax warrants, anything, in fact, to get the vital necessities of life which they so greatly need. They are under-nourished as well as under-worked, and unless they get the food upon which to live there can be no thought of industrial recuperation, and to get that food in order to permit them to get back to work ought to be possible under a reasonable credit plan."

Mr. Sisson went on to describe in greater detail the disordered conditions prevailing throughout Europe, based upon his personal observations during a trip which he made last year. He declared that unless immediate assistance is extended, there is danger of a complete breakdown of civilization, such as has occurred from time to time in the world's history.

U. S. IN FORTUNATE POSITION

"Fortunately the United States," he said, "has come through this period of trial with its institutions unshaken, with its business structure sound, with its banking system healthy, rendering a higher degree of service than ever before in its history. It has been stretched to the limit, and has been found not wanting, and it is able to-day to function more efficiently even than in the past."

"But that is not enough: we must go on and with new constructive measures meet new conditions. The United States stands to-day not only on the threshold of opportunity such as the world has never seen before, but on the threshold of duty and service such as never before opened up to any nation, and if we have the vision and courage to enter that door of opportunity, we may well fasten our leadership on the world for all time. On us is depending humanity's future as never in the past and perhaps never again in the future, and here, in this old State of Illinois, which I am proud to call my own, I am reminded of those thrilling and far-seeing words of that great son of Illinois, Abraham Lincoln, when at the close of the Civil War, facing a similar period of distress and readjustment, he bade us to strive on, 'with malice toward none, with charity for all, with firmness in the right as God gives us to see the right, to achieve an enduring peace, not only among ourselves but with all nations.'"

The Farmers' Financial Position

Their Buying Power Restricted by Low 1920 Prices

By Ivan Wright

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DID the farmer make big war profits? Before the war the annual savings of the agricultural classes were about \$1,200,000,000. This estimate is based upon the average annual increase in rural wealth for a period of years. During the war the farmer's income was increased considerably, as shown by the increased value of farm products. The value of all farm crops, as estimated by the Federal Bureau of Crop Estimates, is as follows:

Table 1

| Value of all Farm Crops | |
|------------------------------|-----------------|
| Five year average 1910-1914. | \$5,827,000,000 |
| Five year average 1914-1918. | 10,156,426,000 |
| For the separate years | |
| 1916. | 9,054,000,000 |
| 1917. | 13,479,000,000 |
| 1918. | 14,090,769,000 |
| 1919. | 16,035,111,000 |
| 1920. | 10,465,015,000 |

These figures show that the farmers' crops for the five years 1914 to 1918 were worth annually on an average of \$4,327,426,000 more than the five year pre-war average. The year 1919 shows a substantial increase over the year 1918, and 1920 shows a decline in the value of farm crops of over five and one-half billion dollars, as compared with 1919. Now, it would seem from the above figures that the farmer should have a reserve purchasing power because for a period of about five years his crops showed an average market value of about 75 per cent. over the pre-war five-year average. These figures, however, indicate nothing unless we also take into consideration the increase in the farmer's expenses for producing these crops.

We have found that the value of the farmers' crops for the five-year average of war prices, was just about 1.75 times the five-year average pre-war values. But what portion of this increase in value was used up in increased expenses? This question can not be answered definitely, but enough data can be obtained to show that the farmers' outlays increased more in value than his products.

Table 3 indicates the relative increase in the value of farm products and those commodities which the farmers buy with their income from their products. But these figures do not tell the true relation between the

Table 2

Increase in Fertilizer Prices

Average Price, July 1, 1913 to June 30, 1914=100

| Prices in December | 1915 | 1916 | 1917 | 1918 |
|---------------------------|-------|-------|------------------|------------------|
| Ammonia, sulphate | 129 | 149 | 246 | 163 ¹ |
| Cottonseed meal | 119 | 145 | 184 | 182 ² |
| Dried blood | 108 | 127 | 206 | 234 ³ |
| Fish scrap | 114 | 137 | 202 ³ | 221 ¹ |
| Garbage Tankage | 100 | 167 | 167 | 204 ¹ |
| Hoof meal | 100 | 151 | 228 | 259 ³ |
| Sodium nitrate | 125 | 129 | 196 | 208 ³ |
| Tankage | 110 | 127 | 214 | 240 ³ |
| Acid phosphate | 172 | 147 | 222 | 235 ³ |
| Bones | 100 | 100 | 128 | 171 ¹ |
| Potash, min. | 414 | 460 | (b) | (b) |
| Potash, Kamit | 535 | 535 | (b) | (b) |
| Potash, Manure Salt Min. | 443 | 406 | (b) | (b) |
| Potash, Double Manne Salt | 420 | 420 | (b) | (b) |
| Potash, Calcined | 1,265 | 1,265 | 1,882 | (b) |
| Sulphate of potash | 932 | 609 | 778 | (b) |

1. October
 2. July.
 3. November.
 4. September.
- (b) blank.

Table 3

Prices of Farm Products versus Prices of Commodities the Farmer Buys

U. S. Bureau of Labor Statistics

1913 = 100

| 1913-1921 | | | | | | |
|------------|------------|------------|----------------------|------------------------|-------------------------------|-------------------------|
| Date. | Farm Prod. | Food, etc. | Cloths and Clothing. | Metals and Metal Prod. | Lumber and Building Material. | House Furnishing Goods. |
| 1913 | 100 | 100 | 100 | 100 | 100 | 100 |
| 1914 | 103 | 102 | 98 | 88 | 98 | 99 |
| 1915 | 106 | 105 | 99 | 94 | 94 | 99 |
| 1916 | 119 | 124 | 123 | 142 | 100 | 115 |
| 1917 | 212 | 185 | 198 | 174 | 134 | 155 |
| Nov., 1918 | 221 | 208 | 255 | 188 | 164 | 226 |
| Nov., 1919 | 230 | 211 | 313 | 161 | 231 | 264 |
| Feb., 1921 | 129 | 150 | 198 | 146 | 222 | 277 |

value accrued to the farmer for his products and the prices he paid for the commodities bought because the price of farm products here represented is the wholesale price and not the farm value which the farmer received. Also the price of the other groups of commodities of which the farmer buys is the wholesale city price and does not include the cost of distribution and retailers' profits. The same is true of the price of fertilizers given in the above table. But it might be objected that the equipment and fertilizers bought by farmers were not used up in one year. This is true. The equipment may be useful for several years, and the fertilizers may improve the crops for a few years, but it must be remembered that the farmers bought these articles on the basis of \$2. corn, \$2.50 wheat, 40 cent cotton, 20 cent hogs, 15 cent cattle, etc. The further production which is to come from these articles must be in 50 cent corn, \$1.50

wheat, 12 cent cotton, 9 cent hogs, and 8 cent cattle. This is as true of the equipment farmers bought on credit as of any other. The agricultural classes find themselves in the same position as the manufacturer who made additions, betterments, and improvements at war prices. However, the farmers' purchases at war prices include, in addition to those pointed out, silos, buildings, storage equipment, tractors, trucks, automobiles, new lands, and a limitless variety of similar things. No exact figure or accurate estimate can be obtained as to the farmer's investments in high priced working capital and luxuries. But one example will indicate the expansion in working capital: The Farm Implement Review stated in 1920 that there were on farms in Illinois 16,514 tractors and besides 7,986 in transit to Illinois farms. The people of other agricultural states likewise lavished their war profits

Table 4
Wages of Hired Male Farm Labor 1914-1920

| | By the Month | | Day Labor in Harvest | |
|------|--------------|---------------|----------------------|---------------|
| | With Board | Without Board | With Board | Without Board |
| 1914 | \$21.50 | \$29.28 | \$1.55 | \$1.91 |
| 1915 | 21.26 | 30.15 | 1.56 | 1.92 |
| 1916 | 23.25 | 32.83 | 1.69 | 2.07 |
| 1917 | 28.87 | 40.43 | 2.08 | 2.54 |
| 1918 | 34.92 | 47.07 | 2.65 | 3.22 |
| 1919 | 39.82 | 56.29 | 3.15 | 3.83 |
| 1920 | 46.89 | 64.75 | 3.60 | 4.36 |

upon war priced equipment, fertilizer, etc.

WAGES OF FARM LABOR

The factor of production which costs most in producing, harvesting, and marketing crops is labor. When the farmer was getting war prices for his products, what was he paying for labor? The report of the Department of Agriculture on the average rate of wages for farm labor for the United States is given in Table 4.

These are the highest wages for farm labor ever recorded in the United States; and the Bureau of Crop Estimates have the statistics since 1866. We observe in this table that farm wages by the month without board rose from \$29.28 in 1914 to \$64.95 in 1920, and day wages in harvest from \$1.91 to \$4.36. This far surpasses the average increase in the value of farm products at the farm. It can thus be seen how the excess profits which the farmer received in 1918-19, in spite of the increasing costs of production, were pretty largely wiped out in 1920 by the excessive high costs of production and the decline in average prices far below this cost.

SOME ACTUAL FARM PROFITS

The Department of Agriculture and some of the state colleges have made contributions of the highest

value for interpreting the changes in our economic conditions. Messrs. H. M. Dixon and W. H. Hawthorne of the Farm Economics Department have recently published a piece of research into "farm profits" in Washington County, Ohio, 25 farms, 1912-1918; Clinton County, Indiana, 100 farms, 1910 and 1913-1918; and Dane County, Wisconsin, 60 farms, 1913-1919. This excellent investigation shows the farm capital (1), farm income (2), and percentage returned on capital (3) as follows (See Table 5).

1. Farm Capital. The value at the beginning of the farm year of all real estate, machinery, live stock, and other investment used to carry on the farm business. It includes the value of the farm dwelling, but not of the household furnishings.

2. Farm Income. The difference between receipts and expenses. It represents the amount of money available for the farmer above the value of family labor, provided he has no interest to pay on mortgages or other debts (but more than half of them have interest to pay).

3. Percentage return on capital. The returns on the farm capital after the value of the farmer's labor is deducted from the farm income. It represents what the investment earned after all expenses have been deducted and the farmer has received a fair wage for his labor.

On the Ohio farms, receipts increased 83 per cent. during the last two years over the first two and expenses 66 per cent. This leaves a

Table 5
Palmer Township, Washington County, Ohio, Average of 25 Farms
1912-1918

| | 1912 | 1913 | 1914 | 1915 | 1916 | 1917 | 1918 | 7 year average |
|--------------------|---------|---------|---------|---------|---------|---------|---------|----------------|
| Farm Capital | \$6,087 | \$6,214 | \$6,422 | \$6,529 | \$6,639 | \$7,163 | \$7,726 | \$6,682 |
| Farm Income | 456 | 421 | 512 | 486 | 656 | 1,024 | 719 | 610 |
| Return on Capital— | | | | | | | | |
| Per cent | 2.8 | | 2.2 | 3.4 | 3.0 | 5.4 | 9.7 | 4.6 |

Forest & Johnson Township, Clinton County, Indiana
Average of 100 Farms, 1910 and 1913-1918

| | 1912 | 1913 | 1914 | 1915 | 1916 | 1917 | 1918 | 7 year average |
|--------------------|----------|----------|----------|----------|----------|----------|----------|----------------|
| Farm Capital | \$19,055 | \$24,936 | \$25,724 | \$26,436 | \$26,599 | \$27,822 | \$31,135 | \$25,958 |
| Farm Income | 1,287 | 1,503 | 1,330 | 1,509 | 2,140 | 2,243 | 2,978 | 1,856 |
| Return on Capital— | | | | | | | | |
| Per cent | 5.1 | 4.7 | 3.9 | 4.4 | 6.7 | 6.6 | 7.9 | 5.7 |

Verona Township and Adjoining Townships, Dane County, Wisconsin
Average of 60 Farms, 1913-1917

| | 1913 | 1914 | 1915 | 1916 | 1917 | 5 year average |
|--------------------|----------|----------|----------|----------|----------|----------------|
| Farm Capital | \$17,307 | \$17,596 | \$17,451 | \$17,803 | \$18,305 | \$17,692 |
| Farm Income | 1,079 | 935 | 941 | 1,517 | 1,990 | 1,293 |
| Return on Capital— | | | | | | |
| Per cent | 3.9 | 2.9 | 2.9 | 5.8 | 7.7 | 4.7 |

considerably larger farm income for the last two years than for the first two.

On the Indiana farms the receipts for the last two years increased 87 per cent. over the first two, but the expenses also show an increase of 86 per cent.

In Wisconsin the gross receipts and farm profits for 1914 and 1915 fell below the level of 1913. In 1916 and 1917 the farm receipts increased appreciably. The two latter years the farm income increased more rapidly than the expenses.

LOW PRICED CAPITAL AND HIGH PRICED PRODUCTS AND HIGH PRICED CAPITAL AND LOW PRICED PRODUCTS

But lying deeper there is a "joker" in these figures. When prices were rising, the farmer was producing products with capital bought before at lower prices and selling them at high prices. What relation would expenses show to receipts if the farmer had annually valued all his working capital at the price he would have had to pay for it at that time? It seems clear that expenses would have outrun receipts. The farmer who used the capital he had purchased at lower prices to produce high priced products, became optimistic with his prosperity and purchased new and very expensive capital. With this expensive capital he produced low priced products in 1920.

These figures show that the interest on capital and farm income increased but they do not show staggering profits or even the profits commonly ascribed to the farming industry. Also it must be observed that none of these reports includes the farm income for 1920, which on grain, cotton and live-stock farms shrunk until perhaps the war profits for the preceding two years were wiped out. During the period of war profits, however, the farmers who were out of debt had the interest on their capital and a part of their labor income to invest, but those who were working with borrowed capital were, on the average, unable to enjoy the expenditure of very large sums after paying the interest charges.

By the courtesy of F. F. Elliot of the Department of Farm Management of the University of Illinois, I have been supplied with accurate data on the investment, expenses, income and profits from 23 Illinois farms from 1916 to 1920, inclusive. The average investment and average net farm receipts per farm for the four years 1916-1919 and for the year 1920 are as follows:

Table 6

Average Investment and Net Farm Receipts of a group of Woodford County (Ill.) Farms for 4-year period 1916-1919 compared with investment and net earnings on same farms in 1920.

| Average Investment 1916-1919 | Net Farm Receipts 1916-1919 | Average Investment 1920 | Net Farm Receipts 1920 |
|------------------------------|-----------------------------|-------------------------|------------------------|
| \$ 28,613 | \$5,866 | \$ 29,210 | \$ 973 |
| 63,165 | 7,833 | 65,817 | 3,384 |
| 64,846 | 7,303 | — | — |
| 37,153 | 3,975 | 42,810 | -1,492 |
| 50,727 | 5,022 | 68,099 | 1,339 |
| 65,384 | 6,342 | 85,452 | 447 |
| 38,574 | 3,626 | 44,610 | 206 |
| 74,064 | 6,888 | — | — |
| 43,881 | 4,037 | 42,253 | 2,642 |
| 77,022 | 6,855 | 93,336 | 653 |
| 69,000 | 6,072 | 73,837 | 4,313 |
| 52,943 | 4,606 | 61,102 | 2,798 |
| 45,425 | 3,952 | — | — |
| 40,442 | 3,478 | — | — |
| 99,465 | 8,554 | 104,284 | 2,729 |
| 88,125 | 7,050 | 103,319 | -3,116 |
| 59,800 | 4,784 | 75,790 | 1,446 |
| 87,443 | 6,908 | 107,329 | -2,009 |
| 45,354 | 3,538 | 43,602 | -1,600 |
| 105,094 | 7,777 | — | — |
| 77,680 | 5,438 | 96,212 | -273 |
| 45,290 | 2,808 | — | — |
| 60,147 | 2,947 | — | — |

This data shows an interesting contrast of the farmer's average profits for the four years of war prices with the 1920 prices. Where the receipts were less than expenses it is indicated by the minus (—) sign showing the deficit. These farms are in one of the best farming sections of Illinois and the United States, and therefore do not present a fair representation of Illinois farm profits. During the four years of war prices the farm receipts were on the whole gratifying. But the investment as observed from the data continually increased and the 1920 investment shows a remarkable increase over the four-year average. There is found to be a decrease in investment in only about two cases. This again indicates what the farmer did with his war profits. The 1920 receipts show a remarkable decrease over the average.

HOW DID THE FARMER SPEND HIS WAR PROFITS?

When the farmer's receipts were swelling his income and he was enjoying war profits, he was an active spender and was greeted as a friend by every speculator and salesman. Ordinarily the farmer is a hard man to sell and he is slow about investing; but on account of his position and his lack of economic information, it is often quite as easy to sell him a bad security as a good one. When the farmer has money there is no lack of perseverance on the part of the promoters.

The farmer invested his war profits in many ways, but the following stand out prominently:

1. Land speculation.
2. Additions, betterments, and improvements.
3. Investments (some wildcat).

SPECULATION IN FARM LANDS

Perhaps the most noted example of speculation in farm lands during the war was centered in Iowa. Fortunately we can turn to an excellent investigation of the land speculation in Iowa in 1919 by Dr. L. C. Gray of the Department of Agriculture, Office of Farm Economics. The general increase in farm land values throughout the country in 1919 was found to be 21 per cent. In Iowa the increase was an average of \$63 per acre or 32 per cent. from March, 1919 to March, 1920. Although there were a few sales at unusually high prices, less than 5 per cent. of the sales were at \$400 an acre or more. But contrary to the general belief, it is estimated that less than 10 per cent. of all farms changed hands during the speculative boom. However, of the farms for which figures were obtained, about 25 per cent. were sold twice during the boom; 4.7 per cent. three times, and 2.1 per cent. four times or more.

The farmers' position in the boom is indicated by the fact that 65.3 per cent. of the purchasers were farmers but only 36 per cent. of the sellers were farmers. Upon analysis of the occupations and intentions of buyers and sellers it is found that there was a tendency to an increase in the proportion of farms owned by farmers and a decrease in the proportion to be operated by tenants. The 1920 Census reports corroborates this conclusion.

It is also conclusively shown that about two-thirds of the increase in the value on farms bought and resold during the boom was appropriated by residents of towns and cities. This fact should be of particular interest to those who have observed the remarkable and sudden disappearance of the farmers' purchasing power. It was a speculators' boom and the farmers did the buying.

Some typical examples of the land speculation in Iowa are the following quoted from the National City Bank Bulletin:

Traer, Iowa, July 21.—In spite of the busy time land deals show no abatement. Many deals have been closed the past week and many more are stewing. The tendency is steadily upward.

One of the big deals of the week closed by the Taylor-Parker agency was the sale of the Charles McElhinney farm of 240 acres northwest of Dysart. This illustrates the almost fabulous advance in the past three months. This agency sold the McElhinney farm a few weeks ago for Ludwig Stepanek to Guy Monroe at \$265 per acre. Later it went to C. E. Lambert and Arthur Ewing at \$275. This week they sold it through the Taylor-Parker people at \$325, thus realizing a profit of \$50 per acre. And the buyers—Freed Wood and Herman Strahbehn—are not in the tenderfoot class. They know land, have made several profitable turns and

after looking around felt they could do no better. The Taylor-Parker agency has this 240 acres again for sale, and it will doubtless be turned a fourth time at a profit before snow flies.

Waterloo, July 25.—When Con. Mahoney bought back his 160 acre Lincoln township farm for \$20 an acre advance, after having disposed of the place less than a year ago, some of his neighbors thought he was a poor financier. But listen to this:

Buying this farm back at an advance of \$20 an acre has been the means of netting Mr. Mahoney a gain of \$24,800, plus this year's crop—all within twelve months!

Mr. Mahoney sold the place a year ago for \$250 an acre. Last autumn he bought it back for \$270 an acre. Now he has sold the place to a farmer from Clutier for \$425 an acre, or a total of \$68,000. The land is highly productive and the improvements are good.

A well-informed Des Moines banker is authority for the statement that the best class of Iowa farms had advanced in selling value \$100 per acre since March 1st. He is quoted as saying:

"I think I am safe in saying that Iowa bankers generally and henceforth will adopt a policy of discouraging the purchase by their patrons of Iowa land at anything above \$300 an acre."

Speculation in farm lands was not peculiar to Iowa. In April, 1920, the Federal Reserve Bulletin says that Georgia land values are reported to have increased 20 to 25 per cent. in 1919, and are much more than double those of five years ago.

FARMERS HAVE "EXTENDED THEIR PLANTS"

Progressive farmers all over the country increased the size of their farms. This is borne out by the fact that the number of farms has decreased in the principal agricultural states but the average size has increased as shown by the 1920 census. For example, the number of farms in 1920 in Illinois was 14,719 less than in 1910; Indiana, 10,361; Kansas, 12,554; Michigan, 10,313; Missouri, 14,120; New York, 22,537; Ohio, 15,346; and Pennsylvania, 17,039. While in the pioneer states the number of farms very greatly increased, which indicates a heavy investment in pioneer marginal lands by the agricultural classes. For example, the state of Arkansas has an increase in the number of farms of 17,924; California, 29,493; Colorado, 13,821; Georgia, 19,710; Idaho, 11,302; Kentucky, 11,491; Louisiana, 14,909; Minnesota, 22,451; Montana, 31,227; North Carolina, 15,015; South Carolina, 16,203; Texas, 17,896; Washington, 10,096 and Wisconsin, 12,069.

All these annexations to increase the size of farms and the new farms brought under cultivation represent an investment in fixed capital and those which are not paid for, present a more delicate problem. When these investments were made corn was \$2 a bushel and cotton 40 cents

a pound, but the payments in 1920 were and may continue to be made with 50 cent corn and 10 or 12 cent cotton. Nevertheless land is the farmer's principal investment and is fixed capital that turns slowly.

BETTERMENTS, IMPROVEMENT AND EQUIPMENT

War prices encouraged farmers not only to pay the high prices for land but also to make vast improvements and buy expensive equipment at prices proportionately higher than the price of the land. Expensive drainage and irrigation plans were executed which would have been good business, if prices had remained at the war level. Even the Government undertook a hundred million dollar scheme in the arid west of which little is now heard. Also new lands were cleared, and brought under cultivation, buildings and silos were constructed and farm improvements undertaken. All these were done at war costs, but practically no benefit was reaped from these improvements before the pre-war prices of farm products were ushered in.

The buying of automobiles, tractors, trucks and other farm equipment was excessive, when war prices are considered. The best example of which accurate information is available is the excessive buying of tractors in Illinois before pointed out. Perhaps there are not too many tractors in Illinois in point of number, because Illinois can use more tractors than many other states. But there are too many tractors in Illinois which were bought when corn looked to \$2 a bushel and are not a profitable investment at war prices when corn is 50 cents a bushel. This is not peculiar to Illinois. More glowing examples can be found in New York and other states where tractors are less adaptable.

In my judgment the war priced trucks bought by farmers will prove to be the most remunerative of the expensive equipment appropriated. But the automobiles are at least half a luxury. They are used more for pleasure than for production. This would seem to be fair for the farmer if he can afford it. But when his war profits are tied up in these semi-productive equipments and the 1920 crops afford only a deficit, the farmer is not a bidder in the market. He has no liquid capital. And he has learned by experience to abstain from buying unless the means to pay with are in sight.

SOUND INVESTMENTS AND WILDCATS

Like other business men, the farmers, when they have profits, endeavor to invest them for still larger profits. During the war the farmers

bought liberty bonds. They also bought some industrials, public utilities and oil stocks. But many of the automobile stocks, oil stocks, semi-public utilities and so-called farmers' cooperative company stocks have proved a much less desirable investment than that of high priced farm lands and other fixed capital. The lure of big returns led the farmer to make these investments, and unfortunately the promoters of fake schemes were able to promise greater returns than the promoters of sound business enterprises. However, there is no way of accurately estimating the amount of fake stock bought by farmers. The Hyatt Roller Bearing Co. of Illinois estimated that in 1919 the farmers in that state lost over fifty millions of dollars through unwise investments in fake oil stock and other get-rich-quick schemes. The total of such investments for the whole country must be a staggering sum. Promoters of worthless oil stock, mining stock, fake "cooperative" enterprises, fake automobile companies and the like have undoubtedly obtained a handsome portion of the war profits of the agricultural and other classes.

In the northwest, a fake cooperative packing company was formed about 1918. This company sold to farmers a million dollars in stock and was just increasing the stock to five million when it was exposed.

In Missouri farmers were let in on a fake insurance plan in 1919. Over 500 policies were sold in Marion county. The farmers discovered it was a fake and took up the cooperative weapon against this "gold brick" scheme. In a few weeks the farmers' attorneys returned 358 policies for cancellation amounting to \$716,450,000.

At this time there is operating in the Middle West a "Common law trust," sailing under the name of a national cooperative organization. It has a shrewd salesmanship organization. It claims to be a cooperative plan, combining the middle man, the producer and the consumer. Unfortunately the cooperative laws of Illinois are very defective. No concern should be allowed to bear the name "cooperative" unless it has the essential ear marks of cooperation and is at least cooperative in principle. Also no cooperative concern should be allowed to spend 15 to 20 or 40 per cent. of its stock subscription value in promotion fees.

To sum up the farmers' investment is no easy task, but in my judgment the farmers have invested far less in fake stocks than they are charged with investing. The farmer is never a ready buyer. The stocks

of fake concerns are more easily disposed of in towns and cities. The farmers buy some, but the total amount of such stock purchased would be a very small fraction of the agricultural income. The farmers' stock investments which perhaps aggregate the largest sum of worthless securities are the stocks of unsuccessful cooperative concerns.

The bulk of the farmers' savings have been "farmer like," used in buying new lands, farm equipment, and in constructing improvements; and the farmers have gradually taken on their share of the luxuries. But the farmer has spent his savings and when the prices of his products declined in 1920 he was compelled to withdraw from the market for want of liquid capital. This does not say that the farmers are a "poor lot." With some exceptions the farmers and their families are the best fed, best clothed, best housed and the most comfortably situated class of people in America. Nevertheless the farmers who are out of debt are not active buyers and can not be without circulating capital. This is important to the wholesale and retail interests when it is reflected that about half of our 105 million people depend upon agriculture in one way or another for their money income.

THE FARMER'S FINANCIAL OUTLOOK

High prices for farm products are gone not to return unless some unforeseen disaster makes them necessary again. The farmers have invested their war profits and the 1920 crops have not afforded any surplus. But changing conditions show that the downward curve in the farmer's income has reached bottom. The curve will not show any upward turn until another crop is marketed.

The cost of producing crops is declining. The price of land is receding to pre-war levels or near to it. Wages for farm labor have declined from \$65 per month to about \$35. Farmers are well provided with equipment and will not buy supplies at exorbitant prices. This indicates that the farmer will perhaps net some profit on the 1921 crops. But the margin of profit will be narrow as compared with 1918 and 1919, and the farmer's buying will be restricted accordingly.

There are other factors outside of America which are depressing American agriculture, namely, the foreign exchange situation, the increased production of other countries, and the improved accessibility of South American and Australian supplies. European countries are going to produce all they can at home as long as present high prices and adverse ex-

change rates prevail. Also the American farmer has to produce cotton, beef, grain and sugar in competition with the cheap supplies of South America, and other countries. A tariff will not materially aid the agricultural classes as a whole because they produce more than we consume in America and must find a foreign market for it. But while the American farmer must sell his grain produced on \$250 land in competition with Canadian and Australian grain produced on \$50 to \$100 land and other products and costs at a similar ratio, he cannot take in

exchange the less expensive manufactured products of foreign countries but must buy the home manufactured goods produced at high cost or the foreign goods plus the high tariff. In view of the fact that every agricultural country has vastly improved its production and marketing of farm products, the American farmers' outlook is a speculation. If some quarter of the world has drought and poor crops in 1921 the American farmer will find his conditions improved, but this is hardly to be considered as a good business risk.

own particular specialty. Therefore, of the important measures that the farmers are now striving to get through Congress, rural credits, as typified by the bill introduced in the last session by Senator Kenyon of Iowa, and a similar bill introduced in the House by Representative Dickinson of Iowa, will no doubt occupy his particular interest. The Kenyon bill in substance is largely a broadening of farm loans and provides that such loans may not only be made on farm land and improvements, but also on staple agricultural and horticultural products and live stock. The means of financing these loans, in several different sections, authorizes different methods, among others that the Secretary of the Treasury is authorized to make deposits for temporary use in any Federal land bank not to exceed in the aggregate of such deposits the sum of six million dollars, while the banks themselves can issue debentures in not exceeding the sum of \$100,000,000. The bill itself does not authorize loans on growing crops, and would seem even to exclude cattle that have not matured, and as a practical means of securing the loans very much broadens a number of the features of the United States Warehouse Act.

TRANSPORTATION

Transportation means just as much to farmers as it does to manufacturers and the public in general, and hence it is that the Townsend bill and other similar measures relating to roads and road-building engage his interest, especially as he has some definite thoughts as to what the Federal Government should do in the matter of road-building. As road-building legislation now stands, the farmer feels that coast to coast and city to city roads have been provided for, but there has not been enough attention given to farm to market roads, and it is this phase of the Federal road construction problem that he will watch most carefully. However, all of these measures are of great importance to the business man as well as to the farmers, and hence it is that measures affecting so vitally the public weal are apt to be given long thought and care before passage, as they have a very close and intimate relation to the nation's finances.

Pleasure Car Rates

A CIRCULAR on retail trade acceptances announces that "Automobiles for funeral purposes take the taxi or jitney-bus rate,—except hearses, which take the straight pleasure-car rate."

What the Farmers Ask Congress

By R. Preston Shealey

Washington Correspondent of THE CREDIT MONTHLY

IF the business man has his problem to solve, so, too, has the farmer; and, like the business man, he is asking the Sixty-seventh Congress to help him solve it; and like him, too, he is well enough organized to make himself not only heard but felt. In days gone by much of the farmer's representation in Washington was of the sporadic variety, insistent at times, but not continuously on the job, so that effective work was frequently impossible. Now all is different, farmer organizations having Washington bureaus, embracing among others the American Federation of Farm Bureaus, National Grange, National Board of Farm Organizations.

Some of these bureaus are such as must be reckoned with. The Washington Bureau of the American Federation of Farm Bureaus recently informed the House Banking and Currency Committee that it has more than \$30,000 annually to spend on its Washington work alone, though it is only fair to say that most of this is spent for a highly efficient staff, including a high-grade and keen-witted "dirt farmer" as its chief, Gray Silver. In the last Congress they did not succeed very well. In fact, they did not succeed at all if one lists the various measures which failed of passage, such as the Farmers' Co-operative Marketing Bill, Rural Credits, Packers' Bill, Cold Storage, and last but not least, the \$10,000,000 appropriation to finish the Government nitrate plant at Mussel Shoals, Alabama.

However, the farmers declare that they have a running start, and in about the spring of next year something may be doing in the way of

solution to their problem; "just before election, you know."

In addition to the six legislative items listed, other measures attracted the attention of agricultural producers, and one measure, seemingly unimportant and local in its nature, was enacted into law, and may in the end prove extremely important in helping to solve one of the two great problems of the farmer. The problem is that of bridging the gulf between the prices which the farmer gets for what he has to sell and the price the consumer pays—in other words, the sales department of the farmer. This is the measure which some time during this year will vest control in the Bureau of Markets of the Agricultural Department over Washington's great Center Market—something approaching a municipal market at the Nation's Capital—though it is true that ultimately it is expected that this market building will be torn down to be replaced by Government buildings. In this Congress, bridging the gap means that the farmers will strive for passage of the bill authorizing formation of farmers' co-operative marketing associations, held in conference during the last session. At the same time they are not losing sight of costs of production, as evidenced by the appropriation in the Mussel Shoals provision of the Sundry Civil Bill. They say that fertilizer prices are going up, and they think an air nitrate plant may serve to check this increase, while at the same time rendering the country independent of Chile and other countries for explosive materials in time of war.

The problems of the selling department are, of course, of interest to credit men. But finance is his

Better Agency Reports

How Can Mercantile Agencies Improve Their Service?

By J. S. Thomas

Elliott-Lewis Elec. Co., Phila.; Chairman, Mercantile Agencies' Service Executive Committee

ARE the mercantile agencies rendering the best service of which they are capable? This is a question which credit men invariably answer in an emphatic negative. Then what are the defects in the mercantile agency system and how can they be corrected?

The credit man does not expect perfection in agency service. He does expect, however, that the reports for which he subscribes shall be based on a thorough investigation showing the history of the subject, financial condition and concrete details in the trade opinions. The agencies, particularly in reports on concerns in country districts, are not making the necessary investigations for such reports,—that is, the districts covered by small branch offices, traveling reporters or local correspondents. In a large percentage of cases, the reports on concerns located in these districts are completed without consulting the houses from which they are making their principal purchases, and as a result, accurate, dependable reports are impossible.

Here is a type of report which often comes to your desk if you are selling small merchants or contractors. They are stereotyped and read somewhat as follows:

"Previously employed by others in the same line of business, he established this enterprise, January 1, 1917.

"He does not respond to a written request for a statement, is not known to hold title to real estate, and authorities consulted believe his means are limited.

"No criticism is heard regarding his manner of payment."

Obviously, it is a mistake for the agencies to send reports of this kind to their subscribers. No one can look on this as high standard service. If the executive officers of the agencies would but inaugurate a system for the careful training of reporters and issue instructions to every branch office that reports must contain complete history, financial information and concrete details in the trade opinions, and that reports must be systematically censored before being sent to the subscriber, a great advance would be made. If the

result were to increase the cost of agency service out of proportion to the increases in rate recently made, credit departments would willingly pay more to get a better report.

If the agencies raised their standards as suggested, the percentage of complete reports would undoubtedly be increased, but we will presume that ten per cent. of the reports which come into the hands of the censors were still plainly incomplete. These reports could be forwarded to the subscriber, rubber-stamped, "unfinished" or, "additional will follow," and the report then referred to the country or city department wherein it originated for the proper investigation. If the reporters responsible for incomplete work got their reports back from headquarters for a while, they would realize that their employers do not intend to tolerate the sending of carelessly prepared reports to subscribers. The work will then quickly show a healthy improvement.

The reporter himself is not to be blamed for lack of information in his reports. The agencies themselves are responsible for the efficiency of their service. The reporter is rushed in his work. A premium is placed on the quantity of the reports he writes rather than on the quality. The agencies will have to put the pressure for better work where it will tell.

CREDIT GRANTORS MUST COOPERATE

There are few things in this old world which come without the asking, especially when the donor receives no apparent compensation. As credit men, we realize that even when a contract has been entered into, the collection department is always as busy as a bee in its efforts to get the debtor to fulfil his agreements. The mercantile agencies are not receiving the full cooperation of credit grantors in the sense that they furnish voluntarily the important information that continually comes into their possession and the agency must systematically bring credit grantors to realize the great help which cooperation from credit grantors will mean in increasing the

value of their reports. In other words, the agencies must ask in a positive manner for this cooperation and devise ways and means of holding the subscriber to the performance of his part. For instance, every subscriber when he makes an inquiry should pass along to the agency his experience with the subject; and, if it is an initial order, supply the agency with the references he has received from the prospective customer. If the agencies would but harness up subscribers in this manner, they could be invaluable to them in furnishing that up-to-date information that they are now spending thousands of dollars to collect through their reportorial staffs and other channels costly to maintain.

THOROUGHNESS LACKING

Briefly the chief evil in mercantile agency service is that reports lack thoroughness. The remedy is for the agencies to school the reporter systematically, set a higher standard of service, hold the reporter up to standard by a strict system of censorship, and educate and encourage subscribers to furnish voluntarily every item of information which will help them reflect the true standing of those engaged in commercial pursuits.

The mercantile agencies provide the logical source of information for the credit department, and it is to be hoped they will in the future rise to their responsibility and opportunity and render that best possible service which will result to the mutual advantage of the subscriber and the agencies. To the extent that they fail to rise to reasonable standards of service, it becomes necessary for credit departments to supplement their credit files by resort to miscellaneous sources of information—with all the additional expense and effort that that entails.

The agencies should bear in mind that they are one of the important factors in the active interchange of commodities throughout the length and breadth of the land and that they have a peculiar duty to the country at large in facilitating its commerce on a safe basis.

The Three C's of Credit Letters

Principles Laid Down at New England Credit Men's Conference, Springfield

By Paul Fielden

Norton Company, Worcester, Mass.

JUST as we have the three C's of credit, Character, Capacity and Capital, so we also have the three C's of correspondence, Clearness, Conciseness and Courtesy. All are of greatest importance to the well written letter and should be cultivated and practiced by every letter writer.

CLEARNESS

A letter should be immediately clear to the reader. If it is necessary for him to stop to decipher any vague or obscure paragraph, the letter has violated one of the first principles. A letter that is not entirely clear to the reader may easily be misunderstood and thus offer opportunity for a growth of ill feeling, possible loss of business and consequent shrinkage of profit.

Involved expressions leading to misunderstandings may to a large degree be overcome by avoiding the long sentence. If in dictating you find yourself at the end of an over-long awkward expression, you should not attempt to improve matters by inserting punctuation marks. If possible make use of a number of shorter sentences. There is, however, danger in making a letter sound curt by the use of a series of short sentences. Choose if possible a moderately long expression and by the use of simple conversational English endeavor to get your thoughts to your reader without the danger of being misunderstood.

CONCISENESS

Aim to produce upon your reader through the medium of correspondence the same result as you would in conversation, but bear in mind that this result must be accomplished by the use of about one-fifth the number of words. Use only the number of words necessary to make your meaning entirely clear but be sure that all the needful information is given. Avoid needless words, superficial details and unnecessary repetition. They obscure the clarity of any letter and add nothing of value.

By referring to previous correspondence or to the matter in question, either in the subject of your letter or in the first sentence, you should render unnecessary a long explanation regarding the reason for

your letter. It should seldom be necessary to quote extracts from a customer's letter in an effort to bring to his mind the matter regarding which you are writing. If he has already written you on the subject you are justified in assuming that after having been given proper reference, he will be familiar with the matter under discussion.

Cultivate the habit of having in mind what you are going to say before attempting to dictate. This will prove of great help in making your correspondence both clear and concise.

COURTESY

Courtesy costs nothing and always pays. A discourteous letter or even sentence is likely to do damage that cannot be repaired in a long period of time. What is written may remain a permanent record. We never know at what future time it may be referred to nor into whose hands it may fall. The impression-creating possibilities live until the letter itself is destroyed and its effect may live even longer than that.

Never allow impoliteness or smartness to appear in any letter. Try to be sincere and direct. In this connection it is particularly important that the correspondence going out from the Credit Department be not only friendly but dignified and definite. The Credit Department, being closely affiliated with the financial part of the business should reflect integrity. It does not follow that we should not make our letters personal. As far as possible this is desirable. But their tone should always be such as befits a man of responsibility and conservative character. We do not expect to find superficial cleverness in the banker and it is always out of place from the Credit Department. A letter received from a customer making an unjust or incorrect statement sometimes arouses in the dictator a desire to answer in the same spirit. Much harm may be done and no good accomplished in an effort to get even. Cultivate tact, a quality which never offends, never provokes rivalry, never excites jealousy. Tact is highly necessary in a writer of credit letters.

At the time an account is opened,

the credit man has the opportunity of doing some real constructive work, through the correspondence which is usually necessary at that time.

Many a small customer has been turned from one house to another because of the request for cash in advance. The request if properly worded need have no sting. It is my belief that cash should *never* be requested in advance from a new customer without affording him opportunity to establish relations on a credit basis provided conditions warrant.

A suggestion that on future transactions regular terms will be considered provided a financial statement is furnished or references given shows a friendly spirit and does not have the effect of slamming the door in the fact of the customer.

First orders from customers of satisfactory financial standing afford an excellent opportunity for a friendly letter from the Credit Department. Payment terms may be emphasized to avoid future misunderstandings and often financial statements obtained direct from the customer by friendly, well-written, tactful letters at the time the account is opened.

A letter refusing credit to a customer should be written in a friendly spirit. In my opinion we should always be able to say with sincerity that in the future we will be glad to consider offering regular terms provided conditions improve to a point where we feel the customer is justified in receiving this favor. To decline a customer's request for credit favors and still retain his patronage on a cash basis calls for a great deal of tact and diplomacy on the part of a credit man and may hold and develop a valuable future connection. One who retains a customer's business under these conditions must or necessity show a friendly spirit.

WELL OPENED ACCOUNTS

It has been said that an account well opened was half collected. Any credit man who gives proper attention to the correspondence with his customers at the time of the opening of the account will find his future experience much more satisfactory.

In quoting customers of unknown

or unsatisfactory credit standing, it will be of great assistance to the Credit Department if they can arrange with their Sales Department to insert a clause in their quotations suggesting that if order is sent it be accompanied by the names of references or financial information. In case this is not done it is, of course, necessary to consult with the customer direct in an effort to secure a source of information regarding their condition and payment habits.

A frank friendly letter on this subject should cause no resentment from the customer and should bring results.

In consulting references we should always live up to the code of ethics outlined by the National Association of Credit Men and volunteer at the time of our inquiry any information which we may have regarding the customer's financial standing. If the cause of our inquiry is a first order this should be stated and it is my belief that in case a particularly complete or valuable report is received from any of the references the credit man should, after his information has been compiled, reciprocate by answering with a summary of the information collected. This will encourage the exchange of information of this character. In either making or answering inquiries regarding our customers, we should make it a point to be absolutely truthful and perfectly frank.

It is unfortunately true that although the greatest care may be used in the opening of an account and obtaining the information regarding the customer, yet we will always have with us the delinquent account and probably the larger part of our correspondence is in collection lines.

On small accounts which have just passed maturity a form letter may often be used to good advantage. Perhaps in some lines of business this may be followed with another form letter in the course of a week or ten days. I believe, however, that except in these two cases form letters should be avoided. A letter which indicates to the reader that the author is to a certain degree familiar with the reader's affairs, either generally or speculatively, should be productive of greater results.

In the writing of collection letters, perhaps more than in any other line, the dictator should travel the straight and narrow path. He is handling a very delicate situation. It is the easiest thing in the world for his customers to become offended or take exception to some little thing which may creep into his correspondence. Impatience, pugnacity, lack of confidence—any of these, if allowed ex-

pression, may prove to be stumbling blocks at a later date to establishing closer relations with the customer.

FIRMNESS

In the writing of collection letters one should be firm but never impatient. A frank statement of the facts in the case is an expression of firmness. It gives the delinquent the impression that steady pressure is brought to bear upon him to remit.

Being firm, however, should not cause a credit man to appear as arbitrary, cold-blooded or unsympathetic. If a friendly spirit prevails, firmness adds strength to the expressions of the writer. Impatience on the other hand betrays its own weakness. The impatient dictator is "surprised at" or "at a loss to understand" the delinquent's failure to pay. He threatens before the threat is justified, or worse still, before the delinquent himself feels the justification of a threat. The tone of an impatient collection letter sounds hollow and ineffective. The recipient is sure to recognize this. A threat of itself does not indicate impatience, it is the manner in which it is put that determines this. Many collection letters, even as early as the second in the series, will contain something like the following:

"We have already written you regarding this overdue account and you have not been fair enough with us to give us even the courtesy of an answer. We are, therefore, compelled to take a step for which you yourselves are to blame, namely, to place this in the hands of our attorney for collection, unless we hear from you on or before June 10."

Certainly a man who writes in that tone has not a firm grip on his temper. He is impatient and the delinquent is the first one to recognize it. The importance of the threat to bring suit is lost because the dictator has not presented it firmly as if he meant business.

We can never afford to let the customer know that we are in any such state of mind. If a threat of this kind is justified after all other efforts to secure a settlement have been exhausted, an impersonal statement of the facts and of the intended action will suffice to show firmness.

If an opportunity is offered the customer to explain the delay, a new line may be found on which to work. Explanation, though often futile, sometimes give a clue as to the actual condition of the delinquent's affairs and the best course of action to be taken. Continued silence on the part of the delinquent on the other hand brings you up against a blank wall.

It is not easy for a debtor to write an answer to a request for payment without giving some indication of the intentions or the possibility of a set-

tlement and while the letter may be unsatisfactory from an immediate collection standpoint, yet a statement or an implied promise may often be used later as a lever to extract a settlement.

There has sometimes been a question among the dictators of credit correspondence as to whether humor was ever justified or effective. Humor is pretty generally recognized as dangerous in any credit letter and its effectiveness as a means of inducing payment of an overdue account may be questioned. In my opinion humor has no place in the correspondence of the Credit Department. It detracts from the dignity of the credit man's letter; it may offend, and by being misunderstood and misapplied it may damage seriously the friendly relation with the customer.

CEMENTING RELATIONS

As a result of our efforts to collect money owing our concern we sometimes and in these days often receive from our customers a request for an extension of time on an account. If the request is for an indefinite period, the credit man is certainly justified in writing the customer a friendly but firm letter asking for a definite statement as to when they expect to be in a position to pay. A request of this character affords the credit man excellent opportunity for obtaining from his customer direct full financial information and an up-to-date statement of his affairs. The request for this information may be embodied in a letter and a consideration of their request made dependent upon the receipt of this information. If it be desired to accommodate the customer as he has requested, a credit man loses a golden opportunity if he simply advises the customer of the acceptance of the proposal. There is probably no time in the affairs of any merchant when he appreciates accommodation of this character so much as when he really needs it. Therefore a friendly letter expressing pleasure in being in a position to accommodate them and possibly referring to the very satisfactory way in which the account has been handled in the past will do much to cement the relation between your house and the customer.

The time comes with some accounts when it is necessary to withdraw regular terms and credit relations must cease. If after a careful analysis of the situation the credit man feels that this must be done, it is no reason why the closing of the account should be the cause for sarcastic bitterness on the part of the dictator. Any business house should seriously regret the loss of a

customer and you should be able to express this feeling without perjuring yourself in the least. Your letter should be firm, frank and courteous, friendly if possible. Bear in mind that at some future time conditions may change and the account may become desirable again.

Did you ever stop to think that the correspondence which your customers receive from you is usually either regarding their financial condition, which touches them in an extremely sensitive part of their business anatomy, or regarding the collection of due bills, which is not a pleasant subject for them to consider?

Would it not be well at times to make it a point to write them letters which they would be glad to receive. For instance, after a voluntary report has been received from a mercantile agency indicating improvement in their ratings, it would not be entirely out of order to congratulate them upon their advance, perhaps even to suggest that you would be interested in seeing a copy of the statement which justified the increased confidence.

You have a customer buying from you from month to month and paying regularly without any action on your part. Some month you receive an unusually large payment. It would do no harm to write the customer thanking him for the payment and making mention of the particularly satisfactory manner in which the account had previously been handled.

An example came to my attention recently where this was done, although the remittance was not particularly large it happened that the check was the largest that this customer had ever signed; and indirectly it was learned that the customer was extremely gratified.

If a customer, who was formerly tardy in his payments or has been in the habit of taking full time on his invoices, gradually improves his condition and paying habits so that he is at last on a discount basis, it would be appropriate for the Credit Manager to write, congratulating him on the improvement in his condition indicated by his payments.

It would without doubt be of great help to every credit man if he could be personally acquainted with each of his customers. As this is usually impossible, our acquaintanceship with customers has to be cultivated by means of letters. Whether or not the relations are friendly or otherwise depends very largely on the character of the letters of the Credit Department. For this reason what we put into our letters deserves the most careful study.

Moral Risk in Credits

From Address at Pennsylvania State Conference, Allentown

By Charles F. Hess

Pres., Dime Bank, Title and Trust Co., Wilkes-Barre, Pa.

I HAVE made a very interesting discovery. Most credit men when they want to learn the conditions of business or trade, study the various trade journals, but I have found an almost infallible method of determining such conditions. The other evening on retiring to my room in a hotel, I wished to look up a reference. I picked up the Bible, put in the room by the Gideonites. Placing the Great Book on my knee and letting it fall open naturally, I found that it opened to the Book of Job, showing that the traveling man found business rotten, and was getting consolation from the Book of Job. Had business been good the Book would have opened to the Song of Solomon:

"I have gathered my myrrh with my spices, I have eaten my honeycomb with my honey, I have drunk my wine with my milk. Yea, oh, friends, drink, yea drink abundantly."

Next time you go to your room in a hotel if it has been occupied by traveling men you will find it very enlightening to make a study of conditions of business by this method.

This book of Job contains a very interesting story of moral risk. The Almighty (the optimist) and the Devil (the pessimist) met at a certain club in the land of Uz, where Job lived. The Almighty greeted the devil with "Hello, Devil, where have you been all summer?" The Devil replied, "Going to and fro and walking up and down the land." And the Almighty said to the Devil, "Say, have you considered my servant Job? There is a man to be proud of! Have you seen his latest financial statement? Look at this: 7,000 sheep, 3,000 camels, 500 yoke of oxen, 500 she asses and a very great household with 7 sons and 3 daughters—which makes Job the greatest man of all the East." Satan replied, "Oh, yes, I have made a study of this moral risk, and I consider it a bad one. I can assure you that this man Job has a yellow streak, and that his hereditary traits are all against him."

"The only reason he is making good is because you have placed a hedge about him so that nothing can touch him. Just remove this protection and you will find this great

moral risk that you bank on will show his natural character and will curse you to your face."

I am sure every credit man after having passed judgment on a risk resents having his wisdom questioned. The Almighty, to show the Devil that he was willing to back his judgment, said: "I will remove my special protection from Job. Do your worst, providing you don't touch him personally."

The next day the credit reports of that time came out with an extra special announcing the greatest failure of the greatest man of the East, Job, of Uz. Robbers, fire, and the whirlwind had wiped out the possessions of Job, including his sons and daughters and all his servants with the exception of those who were left to convey the message of the great disaster to him. And what was the result of this test of moral risk? We find Job calmly surveying the disaster and instead of cursing the Almighty to His face said, "The Lord gave and the Lord taketh away. Blessed be the name of the Lord." The first chapter ends with this significant statement, "In all this Job sinned not, nor charged God foolishly."

Again we find the Almighty and the Devil at the same club. God asked, "Whence comest thou?" And the Devil replied, "Up and down and to and fro in the land." And the Almighty said, "Hast thou considered my servant, Job? There is none like him in the earth." The Devil answered, "Yes, but all that a man hath, will he give for his life. But put forth your hand now and touch his bone and flesh and he will curse thee to thy face." Then we have the pathetic picture of Job, the greatest man in the East, smitten physically, suffering all the worst tortures that could come to man, and yet justifying the Almighty's faith in him and coming through the ordeal with moral risk intact. And the last financial statement we have of the standing of Job is that he had 14,000 sheep, 6,000 camels, 1,000 yoke of oxen, and 1,000 she-asses—just double the first statement. Which shows us conclusively that moral risk can make good in spite of family history, in spite of the Devil himself.

PREVENTIVE MEASURES

Moral risk like physical risk is subject to a great many hazards. The life, health and accident insurance companies recognizing the hazard in their lines, found that it paid them to spend vast sums of money in a great educational campaign to teach the people to avoid accidents and to take care of their health.

Now if this is possible and practical in the realms of physical risk, why should not the same thing be possible and practical in the realms of moral risk? We might say that we have just been going through an epidemic of disease in moral risk and yet comparatively little has been done to help and encourage and intelligently to educate the people against the ravages of disease in moral risk. Rather it has been the custom to carry out the victims from our midst and leave them perish.

A number of years ago the fatalities in the moral risk of banking were very large but the matter was taken hold of in an intelligent manner and through the efforts of our State and National Banking Departments, moral risk in banking has been built up and strengthened to such an extent that even during the strenuous times we have gone through within the past few years in the financial world, fatalities in moral risk in banking have been reduced to the very minimum.

Our bank is a State bank member of the Federal Reserve system. Just a short time ago the joint departments, the State Bank Examining Department and the Federal Examining Department made us a visit with five men, and gave us such a thorough and practical moral risk examination as would satisfy every member of our Board and our stockholders that our moral risk was sound and well.

Attention was carefully called to any weakness that might later develop into something more serious. Their suggestions and criticisms were given careful consideration as we appreciated the helpful and constructive criticism offered by this body of experts.

I am sure it would be a wonderful stride forward if, through the united efforts of the great organization of the National Association of Credit Men, many first aid booklets and other educational material, such as the bookkeeping primer, "A Business Enterprise," based upon the great knowledge and experience that has been accumulated by this organization, might be given into the hands of those who are in need of

help along the lines of moral responsibility.

For I held that the individual or firm that accepts your credit is in the same position as the bank that accepts the credits of the people, and should be subject to the same general rules to safeguard your credit as the bank is to safeguard the credit of the public.

Collections, 249 Years Ago

ONE would not delve into ancient records for the direct purpose of learning how to write effective letters to delinquent debtors, but the searcher of these records will often be repaid many fold for his searchings.

THE CREDIT MONTHLY is indebted to Geo. W. Gardiner, one of the New England directors of the Association, for some letters which came to him in his antiquarian studies, for Mr. Gardiner takes great pleasure in burrowing into the literature of the early days of America. There, to his surprise, he found some letters of John Hull, Mint Master and Treasurer of the Colony of Massachusetts; who was prominent in the militia at that time and in 1657 a selectman of Boston. Besides serving the colony in these and other ways, he was one of the founders of the Old South Church.

It appears that Mr. Hull was trying to collect a long outstanding debt from none other than one of the ministers of the day, the Reverend Mr. Hubbard, and these letters are models in their appeal. They are: MR. JOSEPH BUTLER, 1672:

"I cannot but wonder that you should have so much care to run into my debt, and so little conscience to pay. John Plumbe hath not paid me much; but you not anything. You know you had very good goods of me, to the value of above three hundred and thirty pounds; and I have your bond, under seal, to have paid me the whole by June last twelve month, which time is now past about eighteen months; and it is but strange what you think of such actions. You cannot be so stupid as to forget your obligations, or to think this is a way to help you by unrighteous provocation of your patient creditor. Let me not be forced to make an example of all unrighteous debtors in Connecticut; but show your fidelity and honesty by a speedy payment of him who subscribed himself your friend,

"JOHN HULL."

March 5, 1679-80.

REV. MR. HUBBARD, OF IPSWICH:

"Sir—I have patiently and a long time waited, in hopes that you would have sent me some part of the money

which I, in such a friendly manner, parted with to supply your necessities, and which you so firmly and frequently promised me that I should never lose by so doing; but I experimentally find that I have waited and hoped in vain. I did indeed think that the ministerial calling you had given up yourself unto did oblige me for to be willing to help you; and I did also think it would oblige you for to be very true and just in your performance to me. Sir, I do entreat you more seriously to consider thereof. I have been very slow, hitherto, to sue you at the law, because of that dishonor that will thereby come to God by your failure; but, if you make no great matter of it, I shall take myself bound to make use of that help which God and the country have provided for my just indemnity. Sir, I told you I was willing to remit the great advantage that protested bills of exchange would, in the way of law, allow unto me, and be content with six in the hundred for the forbearance of my money; whereas, had you performed your covenant to me, I had made thirty pounds on the hundred, which is to me a very considerable loss. Sir, your personal debt unto me (besides Mr. John Hubbard's obligation) is three hundred forty-seven pounds five shillings, which if you will please to render it unto me, or any considerable part thereof, speedily in money, and give me bond, with good personal security, for the rest, to pay me in some reasonable time, and five pounds in the hundred for the forbearance, truly and justly paid to me every six months, and until it be paid, and as you shall lessen the principal, so I to abate on the interest, I will yet sit down contented, though it be much to my damage. But if you do not this, or some other thing that is honest, just, and rational, I think you may expect to be called to our next County Court, which I think is the last Tuesday in April next; and I suppose, sir, you cannot but hold me excused, as doing nothing but what yourself do force me unto. In the meanwhile, I wait to see what you will please to do, and remain your loving friend. JOHN HULL."

Home Credit Problems

BROWNING'S Magazine, published by Browning, King & Co., clothiers, N. Y., prints the following dialogue between husband and wife at the breakfast table:

"Swinburne, what do you think: the butcher has refused to give us any more credit."

"Well, my dear, perhaps we ought to give one of the other butchers a chance."

The Sales or Turn-Over Tax

Its Unfairness to Business and to the Consumer

By Federal Tax Committee

National Association of Credit Men

A TAX on sales as a substitute for the Excess Profits Tax numbers many adherents among groups of business men. The advocates of this tax claim for it many virtues, among them simplicity, equity, and ease of collection. It is the opinion of the Federal Tax Committee of the National Association of Credit Men that *this tax not only does not embody these virtues, but that its enactment into law would be, at this time, most unsound and unwise.* The Committee therefore rejects the sales tax as a proposed substitute. In support of this course it offers the following analysis:

ANALYSIS OF THE SALES TAX

Three general forms of a tax on sales may be distinguished:

1. A tax (at a suggested rate of 1 per cent) on every sale or turn-over of commodities and services, real property, capital assets, rent and interest.
2. A tax (at a suggested rate of 1 per cent) on every sale or turn-over of goods, wares and merchandise (limited to commodities).
3. A tax on all final sales of goods, wares and merchandise for consumption or use.

The first two taxes are very similar and may well be treated together.

It is difficult to define the word "sale." It has been well pointed out by Dr. T. S. Adams in his monograph, "The Sales Tax," that mere sale-transfer of title, in modern commerce and industry, is frequently a matter of convenience only. It can be postponed, divided and often avoided. Leases, contracts for sale, commission and agency arrangements in lieu of sale trading, would be stimulated, if a sales tax were enacted.

ADMINISTRATION AND EFFECT OF SALES TAX

It is impossible, of course, to predict with accuracy the extent of the difficulties of administering the sales tax. Any tax, however, which is difficult of definition is difficult of administration. The tax force of the Treasury, it is well known, has been unable to cope with the difficulties provided by the Excess Profits Tax. While it is true that the repeal of this tax will relieve the Treasury to a considerable extent, it must be emphasized that the introduction of

an entirely new type of tax, the sales tax, will demand the installation of a new type of tax machinery. The Treasury experts assert that the administrative task of covering and checking all industries and occupations of the country in connection with a sales tax will be colossal. (The extension of the income tax principle on the other hand will make use of the machinery of taxation already existing, which may reasonably be expected to improve in efficiency and technique.)

There still remains, however, to be considered the important question of the effect of the application of this tax. Since this tax (and for this purpose 1 and 2 may be considered the same tax) is not levied on individual income or earnings, but is based on sales, the question of its incidence must play a prominent part in any discussion of it. Who bears the tax? Is it shifted or is it not shifted? Or is it shifted in part? The arguments in favor of, or against this tax must vary with the answers to these questions.

SHIFTING OR NOT SHIFTING SALES TAX

The question of the incidence of the sales tax is too involved to permit of easy generalization. Two points that find general acceptance may, however, be made. In general it may be said that in a declining market and under close competition the sales or turn-over tax will frequently be borne by the seller, and thus may even constitute an added loss. In a rising market the tax may frequently be (and undoubtedly frequently is) shifted. Only a careful study of the particular commodity under discussion in each period will answer this question. But whatever the difficulty of determining when the tax is or is not shifted, the fact remains that under certain circumstances the tax is (1) not shifted at all and thus borne by the seller or is (2) either wholly shifted and thus borne by the consumer or is (3) partly shifted and thus borne by both seller and consumer.

If the tax is shifted to the consumer it will result in a gross violation of the principle of taxing according to ability to pay. Extended to all articles of consumption it will be a tax on the necessities of life

that will fall most heavily on those with little or no ability to pay. Unlike the income tax which recognizes exemptions, it recognizes no exemptions. Passed on to the consumer the tax on sales constitutes a tax on purchases. Taxing purchases at the same rate, however, is quite a different matter from taxing individual income at the same rate, for income is an index of tax paying ability, whereas purchases are not. This tax on sales or purchases will mean that the man of low or moderate income with a family of four or five children will bear an unduly heavy tax burden. The man with a large income with one or two or no children, whose income and ability to pay vastly exceed that of the first man, will be taxed relatively very lightly. The sales tax therefore not only does not tax in proportion to income and ability to pay—it actually taxes often in inverse ratio to income and ability to pay.

The burden of this tax is likely to be rendered more severe by the pyramiding to which it is open. The tax may be passed on cumulatively until it reaches the final consumer, this consumer bearing thus not only one tax but several taxes, the number depending upon the number of hands through which the commodity has passed. Conceived as a substitute for the Excess Profits Tax it will in effect relieve business of four hundred and fifty million dollars of taxes, and place this burden upon consumers with little or no regard to their ability to pay.

INJUSTICES OF SALES TAX WHEN BORNE BY SELLER

The rate usually suggested for the sales tax is 1 per cent. The discriminatory effect of this rate becomes clearly apparent upon analysis. If a tax measure can be defined and framed to include every possible kind of sale or service, so that nothing will escape—so that the sale of stock, the sale of merchandise and the sale of service of physician, architect, engineer, lawyer, wage-earner, salaried man, etc., the sale of capital assets, the sale of transportation, etc., will be taxed and taxed at the suggested rate of 1 per cent—there will not be lacking strenuous opposition from every quarter. This opposition will take the form of a

general objection: "But there are sales and sales," and the objection will be justified. It is obviously unfair to tax at the same rate of 1 per cent. the sales on the stock market, the ordinary sales of merchandise, and the sales of capital assets, to say nothing of taxing at the same rate all the different types of sales of service.

GROSS SALES NOT FAIR INDEX OF NET INCOME

The inequity of the 1 per cent. rate is revealed in a more startling fashion by a consideration of sales of commodities. Gross sales do not form a proper basis for the computation of business profits, and hence for the application of a common flat rate of tax. Taxing gross sales of all merchandising enterprises at the same rate of one per cent. will result in inequalities without number. Smith, for example, may make a net profit of \$20,000 on gross sales of \$100,000. Jones may make the same net profit of \$20,000 on gross sales of \$400,000. Jones has turned over his stock far more rapidly than Smith. With a tax of 1 per cent. he will be compelled to pay \$4,000 while Smith with the same net profit will pay but \$1,000.

An intimate knowledge of business is not necessary to appreciate the possible variations of this type of injustice. Business enterprises which are characterized by rapid turn-over, and hence are likely to show a low rate of profit to total sales, are penalized, while business enterprises characterized by a low rate of turn-over and presumably a high rate of profit compared to sales are favored. Specifically it will mean that wholesale businesses, with rapid turn-over and low margins of profits compared to sales, will pay taxes wholly out of proportion to their net income. Wholesale dealers whose businesses are characterized by a relatively low rate of turn-over and a relatively high rate of profits compared to sales, will be proportionately favored. The discrimination applies with equal force to retail concerns. The one per cent. tax on gross sales in some instances will, in normal and good years, be equivalent in some cases to one-quarter to one-half of the net income of going concerns, and will thus in reality tax these concerns at a rate of 25 or 50 per cent.

EFFECT OF SALES TAX IN FALLING MARKET

The effect of such a grossly inequitable tax in a period of rapidly declining prices, will, of course, be still more serious. In such a period large total annual sales may be made with little or no profit. In such an event a tax on sales will eliminate

profit entirely, or even constitute a loss to the business. The implications of such a tax are far-reaching. It would mean an entire reorganization, an entire readjustment of prices in individual businesses and in business at large. Such a readjustment could not be undertaken at any time without serious difficulties. To adjust the rate of tax in an attempt to distinguish fairly between all the various types of business is on the face of it impossible, and would invite confusion. To be equitable the rate of tax would have to be adjusted to every business in every line, for the ratio of net profits to gross sales varies with every business and every line.

UNJUST GENERAL TURN-OVER TAX

Just as there are times when the general turn-over tax will not be shifted at all or will be wholly shifted, so there are times when this tax will be partially shifted. The extent to which it will be shifted will vary and may not be predicted. One per cent., five per cent., fifty per cent., ninety-five per cent. or ninety-nine per cent. of the tax may be shifted. The result of this partially shifted tax will be to distribute the injustices of this tax between the seller and the consumer. Distributing these injustices, however, no matter in what proportion, will mitigate little, if at all, the evil results of the tax. Both types of injustices—the injustice to the seller and the injustice to the consumer, are in themselves flagrant. If the tax is only partially shifted, and the degree of shifting is not determinable, the business men of the country will face not only certain injustices of the tax but a serious uncertainty in marking their prices.

A sales tax that includes all the sales of a commodity in its passage from the raw state to the finished state in the hands of the ultimate consumer gives a tremendous advantage to the so-called integrated industry or business (i. e., to the industry that carries on several consecutive processes of manufacture and distribution) over those businesses that carry on only one of the processes of manufacture and distribution. There are integrated industries that make but one sale of their product as it passes from the raw to the finished state in the hands of some ultimate consumer. Three, four, five, six, seven or more sales of the same product take place as it moves from the raw state to the finished product through the hands of independent businesses, each of which carries on only one of the processes of manufacture and distribution.

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The fabrication of a ten-penny nail may serve to illustrate the discriminations that result from the tax on sales. In a non-integrated industry eight taxes are borne by the eight concerns which manufacture and distribute the commodity:

- Tax 1. Paid by the company which mines the iron ore.
- Tax 2. Paid by the company which carries the ore to the port on Lake Erie.
- Tax 3. Paid by the dock company which unloads the ore.
- Tax 4. Paid by the railroad company which carries the ore to the blast furnace.
- Tax 5. Paid by the blast furnace which smelts the ore.
- Tax 6. Paid by the steel mill which transforms the pig iron into steel.
- Tax 7. Paid by the factory which makes the nail.
- Tax 8. Paid by the wholesale hardware house which buys the nail from the factory.

A highly integrated industry which controls the process of production and distribution will escape possibly all these taxes. It is thus in a position to compete at a tremendous advantage over these businesses which are taxed. It will be impossible for the non-integrated industries to market the ten-penny nail at the price made by the integrated industry.

EFFECT OF SALES TAX ON BUSINESS ORGANIZATION

Former Assistant Secretary of the Treasury Leffingwell has predicted that such a tax would in five years revolutionize present methods of doing business because means of getting around the intermediate turn-over tax would be devised and put into effect. Whatever may be said as to the merits or demerits of our present system of business organization, there surely can be no justification for instituting a tax measure which will disrupt that intricate organization for no other reason than for the purpose of collecting taxes.

For the reasons given above which are here briefly recapitulated, the general turn-over tax should be rejected:

1. It is difficult to define satisfactorily.
2. It is difficult of administration and involves the setting up of a new tax machinery.
3. If shifted to the consumer it constitutes a violation of the principle of taxing in accordance with ability to pay, for it will fall heavily upon the necessities of life and be paid largely by those with little ability to pay.
4. If not shifted and thus borne by the seller, it discriminates against businesses that have large sales with a small rate of profit compared to sales. The one per cent tax on such businesses may be the equivalent of a 25 to 50 per

cent tax on profits, and in abnormal years may tax all profits away and even cause deficits.

5. If only partly shifted, it discriminates against individual businesses and in favor of integrated businesses that carry on several processes of manufacture and distribution, and involves also injustices to both seller and consumer.

TAX ON FINAL OR RETAIL SALES OF GOODS, WARES AND MERCHANDISE FOR CONSUMPTION OR USE

All the criticisms leveled at the general turn-over tax (numbers 1 and 2) can not be directed against the retail tax on all final sales (No. 3). Since it is a tax on final sales, it obviously will not discriminate in favor of integrated industry. In addition, the possibility of pyramiding the tax is removed. Since it eliminates sales of capital assets and sales of services, some of the difficulties connected with a satisfactory definition and rate of tax are removed. But serious difficulties still remain—difficulties both of definition and application.

DIFFICULTY OF DEFINING FINAL SALES FOR CONSUMPTION OR USE

It is difficult to determine whether a final sale is made for consumption or use, or whether it is made for business purposes. Serious administrative problems will arise as a result of this difficulty. In connection with this problem Dr. T. S. Adams, in his article "Difficulties of the Sales Tax" says:

"Limiting the tax to final sales would create a difficult administrative problem. Merchants and other dealers would be required to secure affidavits from purchasers stating whether the goods were to be consumed or to be resold, either as bought or in some changed form. Would purchasers tell the truth? How about purchases of gasoline, coal and similar commodities or services which can be used either in business or for final consumption?"

"Certificates of this kind, distinguishing purchases for resale from purchases for consumption and use, are now employed in connection with some of the existing sales taxes; but they are said to lead to considerable evasion. It is an even question whether such a device could be successfully administered. In any event, the sales tax, like the income tax, would depend almost wholly on the honesty of the taxpayer for its successful collection. Experience with the income tax indicates that the honesty of the taxpayer, particularly in case of the larger business concerns, is capable of withstanding the strain, provided an administrative force large enough to check and supervise the returns is employed. The administrative problem would be a huge one, with almost every business concern in the country which sells at retail subject to the tax."

INJUSTICES OF RETAIL TAX WHEN BORNE BY CONSUMER

Since the retail tax or the tax on final sales is not susceptible of

pyramiding (being only one tax), it is not so flagrant a violation of the principle of taxing in accordance with the ability to pay as is the general turn-over tax. It does, however, seriously violate this principle. As is the case with the general turn-over tax it will fall most heavily on families with only a living wage or with only a moderate income, and comparatively lightly on families with a large income. It recognizes no exemptions. The poor man with five children pays taxes on pairs of shoes for all his five children. The man of wealth and great ability to pay, who has but one or two children, or no children, pays taxes on a smaller number of shoes. Similar comparisons might be instituted between consumption by these two contrasted families of all necessities of life. The poor man may bear a tax burden on the necessities of life as great as, if not greater than, that borne by the rich man, and he obviously has not the ability to do so. If this tax measure is enacted it will mean relieving business of a heavy tax, and placing it on the shoulders of consumers without regard to their relative ability to pay.

Wholesale Grocery Business

THE HARVARD BUREAU OF BUSINESS RESEARCH has carried on for several years an investigation of wholesale groceries. To indicate the condition of the wholesale grocery trade in the present depression, it has gathered figures from sixty-four wholesale grocers to show comparative conditions of the trade in January, 1921, and in January, 1920. Following are some of the results of the investigation:

1. Average net sales 30% less in January, 1921, than in January, 1920.
2. Total sales force expense in January, 1921, 0.7% higher than in 1920.
3. Total receiving and shipping expense 0.4% higher in 1921 than in 1920.
4. Total buying and management expense 0.8% higher in 1921 than in 1920.
5. Total expense 30% higher in January, 1921 than in January, 1920.

The Harvard Bureau has interesting conclusions on the questions of inventory and accounts and notes receivable which we quote here in full:

PURCHASES OF MERCHANDISE

The amount of merchandise purchased was smaller in every case in January, 1921, than in January, 1920. The purchases fell off more than the sales. This is indicated by two comparisons. In the first place, for four-fifths of the wholesalers the purchases fell off more than 30% in January, 1921, as compared with January of the preceding year. Secondly, the inventory of merchandise on hand showed a decline on the reports of most of the wholesale grocers during the month of January this year, and although the in-

INJUSTICES OF TAX ON FINAL SALES WHEN BORNE BY RETAILER

As is the case with the general turn-over tax on sales, retail sales are not a fair index of business prosperity or profits. A tax on retail gross sales, therefore, taxes unfairly those businesses which have large yearly sales and a low rate of profit as compared with these sales.

When borne by the retailer it introduces another type of injustice. Why should the retailer be singled out to bear the tax while the wholesalers and manufacturers are relieved of its burden?

CONCLUSION

The tax on final sales is, therefore, to be rejected for the reasons given above and briefly set forth here:

1. It is difficult of definition and administration.
2. When shifted to the consumer it is a gross violation of the principle of ability to pay.
3. When borne by the seller it discriminates unfairly in favor of businesses with small total sales and a high rate of profit, and against businesses with large total sales and a low rate of profit.
4. When borne by the retailer it imposes the sole tax burden upon him, thus discriminating in favor of manufacturers and wholesalers.

ventories generally were smaller both at the beginning and end of January, 1921, than in January, 1920, the difference between the two years was greater on January 31 than on January 1.

ACCOUNTS AND NOTES RECEIVABLE

Accounts and notes receivable showed a decline during the month of January, 1921, on the reports of three-fourths of the wholesalers who submitted statements whereas in January, 1920, over one-half the firms had an increase in the amount of their accounts and notes receivable. Accounts and notes payable also were lower January 31 than on January 1, 1921, in the case of four-fifths of the firms from which reports were received. This is sharply in contrast to the experience of the same firms in January, 1920, when a substantially larger number showed an increase in accounts and notes payable during the month. On January 31, 1921, the accounts and notes payable generally were lower than on January 31, 1920. This contrast was much more marked at the end of the month than at the beginning. It indicates that healthy progress is being made by these wholesale grocers in adjusting their liabilities under existing business conditions.

CONCLUSION

Although a good start apparently has been made toward meeting the new conditions occasioned by the drop in prices and the general slump in business, nevertheless, the readjustment is by no means complete. The process of readjustment, furthermore, is involving an actual loss to numerous wholesale grocers, and even those who were able to show net profits in January, 1921, had much smaller net profits than under normal conditions. The figures that are given here also probably represent the best conditions in the trade, since they are from firms that are sufficiently progressive to take an interest in furnishing this sort of information for a trade summary.

Membership Increasing

Success of Country-Wide Campaign; Committee Chairmen Enthusiastic

By R. W. Touzeau

Chairman, National Membership Committee, National Association of Credit Men

"FOR they can conquer who believe they can." There is a world of truth in this declaration. Ninety per cent. of the men who have succeeded have done so because they were confident they were going to achieve their ambition. The man who feels he is going to be defeated is beaten before he starts.

The country-wide membership campaign now under way is going to be a success!

If it were not for the resignations, caused by business troubles, mergers, retrenchments, etc., the goal of the National Membership Committee would have been attained ere now. Despite the resignations, however, we're going to win! So, let's go!

Universal satisfaction has been expressed over the quotas set by the committee for the various affiliated associations. Only one of the 130 organizations complained that the quota was too large. On the other hand, one association has asked that its quota be increased. The smaller associations are making the best showings. The larger organizations are working hard but have been working under serious handicaps.

E. T. Holland, Chairman of the National Holding Committee, has sent out the following slogan to the Chairmen of the Holding Committees, who are requested to send the message to firms indicating they are contemplating resigning: "Cancel Your Resignation." Resignations must be halted if we are to achieve our aim.

Four free trips to the San Francisco Convention have been offered as prizes by the Oklahoma City Association of Credit Men.

The idea of establishing Credit Clubs is meeting with marked success.

The following salient facts about the National Association of Credit Men should be known to every member and every prospect.

1. The National Association of Credit Men saved the business men of this country last year more than \$135,000,000, being the charges which would have been paid on the collection of checks if bills pre-

sented in Congress had not been defeated through the activities of this country-wide organization.

2. THE CREDIT MONTHLY, our official publication, contains each month about 50 pages of credit news, instructive articles and special features. It is a magazine of business fundamentals.

3. NATIONAL MEMBERSHIP DIRECTORY contains names and addresses of manufacturers, jobbers, wholesalers and bankers who comprise our country-wide membership. Every member is entitled to a copy.

4. THE GENERAL LETTER, written every month by J. H. Tregoe, National Secretary-Treasurer, is a review of business, financial and economic conditions. It calls attention to new commercial laws, proposed measures and many other matters of interest to credit grantors.

5. INVESTIGATION - PROSECUTION DEPARTMENT furnishes protection to every business man against professional commercial swindlers. Hundreds of trade crooks have been sent to jail on the evidence of our trained investigators who are located in principal cities.

6. CREDIT INTERCHANGE BUREAU SERVICE is available to members at actual cost. Through the Central Credit Interchange Bureau, reports on customers anywhere in the United States are obtainable.

7. TRADE INQUIRY BLANKS are furnished members at cost for the interchange of credit information. These are used by individual members who do not subscribe to a Credit Interchange Bureau. When they desire information about a customer they turn to the National Membership Directory, get the names of the firms in the city where the customer is situated and then send forward the blanks. The desired information, which is almost always forthcoming, is frequently worth hundreds of dollars.

8. FOREIGN CREDIT INTERCHANGE BUREAU SERVICE is also available to members at actual cost. Valuable data on firms in almost every country in the world is furnished. The Confidential Weekly Bulletin, contains exclusive news on conditions abroad.

9. COLLECTION AGENCY INFORMATION. This association is constantly on the alert for fraudulent collection agency schemes. You can get data without cost from this office on every collection agency in the United States.

10. NATIONAL INSTITUTE OF CREDIT has correspondence courses for both the experienced credit man and his assistant. Chapters of this Institute are located in many cities. Courses in "Credits and Collections" have been installed in numerous educational institutions. The "Basic Course in Economics"

is of the utmost value to every business man.

11. DEPARTMENT OF RESEARCH. The activities of this bureau are country-wide. Members of every association of credit men get the benefits of timely investigations made in more than 130 cities regarding current business conditions.

12. LEGISLATION. The affiliated associations have been largely responsible for the present Bankruptcy Law, Federal Reserve Act, Bulk Sales Law, False Statement Law, Conditional Sales Law and numerous other sound measures. Bills presented in Congress and State Legislatures are closely scrutinized by standing committees on legislation in the Association.

13. BANKRUPTCY LAW. Our associations stand for one national bankruptcy law as opposed to as many insolvency laws as there are States.

14. FIRE INSURANCE. Our Fire Insurance and Fire Prevention Committee has done wonderful work in fire prevention campaigns and in emphasizing to merchants the need of carrying adequate insurance to protect themselves and their creditors.

15. CREDIT PROBLEM DEPARTMENT. Every member has the privilege of writing to the National Secretary as often as desired on any matter pertaining to credits.

16. CREDIT MAN'S DIARY AND MANUAL OF COMMERCIAL LAWS is issued every year. It is an authoritative handbook on commercial laws of every State.

17. BUSINESS SERVICE COMMITTEE is responsible for the publication entitled "A Business Enterprise," a 24-page business primer which should be in the hands of every young merchant, and has guided many thousands into safe business habits.

18. CREDIT LITERATURE. Complimentary copies of our leaflets and samples of our credit department blanks are sent to every member. Imprinted standard property forms, credit inquiry blanks are sold to members at cost.

19. THE RIGHT MAN IN THE RIGHT JOB. We help our members to get competent credit men to fill positions when such service is requested.

20. CREDIT DEPARTMENT METHODS have been installed since the founding of this organization. We have inaugurated many campaigns to eliminate certain abuses such as unearned discounts, unfair claims, cancellations, etc., which eat close to the heart of profits.

21. BANKING AND CURRENCY. This association was recognized as one of the strongest factors in inducing Congress to enact the Federal Reserve Law.

22. ADJUSTMENT BUREAU service is given debtors temporarily embar-

rassed and insolvencies are handled expeditiously at low expense.

23. **COMMERCIAL ARBITRATION COMMITTEE** has done much to cut down waste in commercial transactions. Arbitration courts are now working in several important business centers.

24. **COMMERCIAL ETHICS.** This committee has issued a number of important canons of ethics, which tend to the betterment of the business conscience.

25. **IDENTIFICATION CARDS** are furnished all members.

26. **STATE CONFERENCES** are held by our affiliated associations and every member is invited to attend these sessions which are full of interest and value.

27. **NATIONAL CONVENTIONS** of the greatest importance are held every year and are attended by credit men from all over the country.

28. **REQUIREMENTS FOR MEMBERSHIP.** Every commercial credit grantor, whose standing is above question, is invited to become a member. Those who are in a city where there is no affiliated credit organization can become individual members of the National Association of Credit Men for \$15.00 a year.

29. **PERSONNEL OF MEMBERSHIP.** Our affiliated organizations and the National Association comprise manufacturers, wholesalers, jobbers and bankers, "the cream of American business." Each concern appoints a representative, who is the official in charge of credits and collections, to participate in the activities of the organization. Last summer the country-wide membership was 33,100. It is our hope to report a large increase at the Twenty-sixth Annual Convention this June at San Francisco, when delegates from our 130 affiliated associations will be present.

The evidence of their guilt was so conclusive that the Grand Jury promptly indicted them. They as promptly plead guilty and are now enjoying the hospitality of the county and awaiting their sentence.

As it was less than sixty days from their get-away to the date of their indictment and confession, this case is likely to go down in the annals of commercial crime as one of the most expeditious cases of this magnitude. The amount already salvaged is about sixty per cent of the liabilities.

The investigation, moreover, is still under way. It looks as if there would be involved in the meshes of the law a relative of one of the young men, whose operations along similar irregular lines no doubt supplied the initiative and suggested the adept methods of the hopeful youngsters.

MORAL

I am no preacher, but let me say that if these men had devoted their talent and energy to straight business they would, without question, have prospered greatly, besides securing for themselves liberty and peace of mind.

This is the usual finish of the commercial crook. One of them, whom we recently caused to be sent to the penitentiary, remarked to me not long since: "It has cost me during the past three or four years every cent I have been able to get my hands on to keep out of prison. When I wasn't paying money to blackmailing detectives, I was paying fees to my own lawyers, and after all I land up, without a dollar, in the pen."

Misuse of Order Bills of Lading

One of the problems that has received deep consideration by the Transportation Committee of the National Association of Credit Men is the misuse of order bills of lading. The following information relates to cases which have given more or less trouble in the Eastern region of the Pennsylvania system during the period from May 1, 1920, to February 23, 1921.

| | |
|---|----|
| Instances of Bill of Lading Not Properly Endorsed | 12 |
| Failure of Order Party to Endorse Bill of Lading | 38 |
| Bills of Lading Reaching Destination After Arrival of Freight, Making It Necessary to Secure Bond of Indemnity to Effect Delivery..... | 9 |
| Practice of Shippers to Make Use of Such Forms of Bills of Lading and Send Originals to Their Reliable Consignees, Thus Treating Shipments as Straight Consignments | 2 |
| Bills of Lading "To Order" in Error Where Straight Bills of Lading Should Have Been Used.. | 3 |
| Total | 64 |

Fraudulent Failure: Swift Justice Only 60 Days from Start of Investigation to Confession

Interview by J. K. Drake with

C. D. West ("Zephon")

Mgr., I. and P. Dept., National Association of Credit Men

ONE was a young man of about twenty-five; the other a year younger. The families of each were very prominent in their section of the country. The young men opened a shoe store at Crowtherville. Within ten months they were able to obtain credit in a sum exceeding \$100,000 from the largest shoe manufacturers in the country through false financial statements and by gaining confidence through buying at first in small quantities and discounting or meeting promptly all their bills.

Resolving to pull off a failure and to mulct their creditors, they bought copiously as the Christmas holidays were approaching, and then deserted their store. When creditors began to investigate the birds had flown, and the stock they left behind amounted to comparatively nothing. The investigation was seriously impeded by the social, business and political influences the men were able to bring to bear in their favor. But we are used to this kind of impediment. We find no difficulty in appealing over the heads of petty grafting politicians and business men of doubtful ethics. Thus we are able in the name of the National Association of Credit Men to get a prompt hearing and effective action from the highest authorities of the

country in breaking the clutch of the obstructionist.

One of the members of the National Association of Credit Men notified the Investigation and Prosecution Department and asked for an investigation on his behalf. After a formal complaint, as required by the department, had been filed, one of our investigators was put on the job.

SAID THEY HAD BEEN ROBBED

A short time after the investigation was started the young men reappeared and declared that they had sold the better part of their stock at retail in Crowtherville, had taken the money and gone to Chicago to have a good time, and had been robbed of all their money by denizens of the Chicago underworld. This might signify little to any one unaccustomed to the investigation of commercial fraud, but in our department there are many cases in which the men who get away with the goods allege that the money has oozed away at the poker table or at the race track.

While the two young men were making this suspicious explanation we located more than \$25,000 worth of shoes in a barn six miles from Crowtherville. We also found in a safety deposit box in Toledo in their names \$12,000 in cash and diamonds valued at more than \$4,000. On two other farms we found two fine automobiles. These little items they had forgotten to list in the bankruptcy proceedings against them which the creditors had instituted.

*Zephon is said to be the first detective in history and a trusted man in the court of the Ptolemies. The name has been used for many years as the telegraphic code designation of C. D. West, head of the Investigation Department of the National Association of Credit Men.

Personal Injuries (Torts)

Not Provable Claims in Bankruptcy Under U. S. Supreme Court Decision

By *W. Randolph Montgomery*

Counsel, National Association of Credit Men

AT a conference on the subject of bankruptcy, recently held in the rooms of the Association of the Bar of the City of New York, Judge Julius M. Mayer of the United States District Court for the Southern District of New York discussed at some length the subject of the discharge in bankruptcy of claims for negligence and other personal injuries. Injustice has frequently been done to such claimants by the filing of a petition in bankruptcy with the avowed purpose of escaping liability. Instances of this have arisen in connection with claims for damages from the negligent operation of motor vehicles, the injured party having been deprived of any remedy through the discharge of the wrong-doer in (tort-feasor) bankruptcy.

Admitting the injustice of this situation, and declaring that it was never the intention of the framers of the Bankruptcy Act to permit the Statute to be used for the purpose of defeating such claims, Judge Mayer cited the case of *Schall vs. Camors*, decided by the United States Supreme Court on January 5, 1920, and reported in 251 U. S. 239, wherein it was held that claims for unliquidated damages arising out of a pure tort (that is, a personal injury), which neither constitutes a breach of an express contract, nor results in any unjust enrichment of the wrong-doer from which a contract to repay may be implied, are not "provable debts" within the meaning of Section 63a of the Bankruptcy Act, and are therefore not dischargeable under Section 17 of the Bankruptcy Act.

Mr. Justice Pitney delivered the opinion of the court which said at page 250 that "Historically, bankruptcy laws, both in England and in this country, have dealt primarily and particularly with the concerns of traders. Our earlier bankruptcy acts invariably have been regarded as excluding from consideration unliquidated claims arising purely *ex delicto*." The court then traced the history of the present bankruptcy act to determine whether it was intended

to depart so widely from the precedents as to include mere tort claims among provable debts, and finds that Section 63a, which defined "debts which may be proved," has remained practically unchanged from first to last, and that "the express mention of contractual obligations naturally excludes those arising from a mere tort." It found further that clause b of Section 63 which reads as follows:

"Unliquidated claims against the bankrupt may, pursuant to application to the court, be liquidated in such manner as it shall direct, and may thereafter be proved and allowed against his estate,"

is intended to permit the liquidating of claims founded upon an open account, or upon a contract express or implied, which often require to be liquidated. The court said at page 251,

"Upon every consideration, we are clear that claims based upon a mere tort are not provable. Where the tortious act constitutes at the same time a breach of contract a different question may be raised, with which we have no present concern; and where, by means of the tort, the tort-feasor obtains something of value for which an equivalent price ought to be paid, even if the tort as such be forgiven, there may be a provable claim *quasi ex contractu*."

It is then found that Section 17, which must be read with Section 63, is intended to limit more narrowly the effect of a discharge by enlarging the class of provable debts that were to be excepted from it. "It is not admissible to give to this amendment, confessedly designed to restrict the scope of a discharge in bankruptcy, the effect of enlarging the class of provable claims."

Collecting Small Debts Cheaply and Promptly in Massachusetts

By *William Gregg*

THE Legislature of Massachusetts at its last session authorized a plan which provides that the majority of justices of the district courts throughout the state may set up machinery for the economic collection of debts not exceeding \$35.

The plan calls for the elimination of the services and fees of attorneys,

THE CREDIT MONTHLY

sheriffs and constables, whose fees, under the old system, made the cost of legal action in small matters as great, if not greater, than the claim itself.

The new procedure designs to be speedy and inexpensive; will cost the plaintiff but \$1 for the court fee and the value of a few postage stamps for mailing legal notices relative to the hearing of the case. The new procedure is briefly as follows:

The plaintiff will either orally or in writing state his claim to the clerk of the Municipal or District Court, who will file the claim in detail in a card system, charging a fee of \$1.

The clerk will then notify the defendant by registered mail, giving the date of hearing. If the defendant objects to this form of settlement and desires to take it to a higher court or to get a jury trial, he can do so by so signifying to the clerk of the lower court, provided he does it before the date set for hearing and deposits the Superior Court fee.

If the defendant submits to the new form of procedure he must notify the clerk of the court not later than two days before the hearing what his defense is to be. His statements will be entered by the clerk on the docket card with those of plaintiff.

On the day of the hearing the court hears each party informally, getting at the facts as briefly as possible. Right of cross examination, arguments and other incidents of formal trials will be denied. The judge will not be an umpire, as at a formal trial, but a judicial investigator trying to reconcile the parties if possible, otherwise to judge the facts and give judgment according to the law.

Though the procedure will be simplified, the rules of law governing liability will not be changed and the decision of the judge will be final, because the plaintiff, by beginning suit under this method, will have waived in advance the right to appeal and to jury trial.

After the court has given its decision under the new procedure it may stay execution and give defendant time to pay the judgment in installments, if he so requests.

Somewhat similar procedure has been in operation in England for years, but while adopted in certain American cities, Massachusetts is said to be the only state to give it a state-wide application.

A. J. Peoples, Director

Detroit.—A. J. Peoples, Director of the National Association of Credit Men and Secretary-Treasurer of the Detroit XX Copper and Brass Rolling Mills, Detroit, Mich., is being congratulated on his election to the directorate of his company.

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Call Sounded by San Francisco

(By telegraph to The Credit Monthly)

WE, the officers, directors, and convention committeemen of the San Francisco Association, extend a most cordial and pressing invitation to the membership of the National Association of Credit Men to be our guests at the Twenty-sixth Annual Convention in San Francisco, June 14 to 17. While entertainment features will be stressed so that every delegate will get the greatest enjoyment and recreation from his visit, the busi-

ness program is to be highly instructive and interesting. Never in our commercial history was the need of credit men's conferences more pressing than now. This Convention should mean much for that forward movement in our commerce so important to ourselves and the world at large. The country needs to have its credit men alert to the big problem of business. Heed the warning and attend the Convention!

OFFICERS

THOS. M. EARL, President.....Nolan-Earl Shoe Co.
E. C. GAYMAN, First Vice-President.....Sperry Flour Co.
EUGENE S. ELKUS, Second Vice-President.....The Elkus Co.
W. B. MAXWELL, Treasurer.....Blake, Moffit & Towne
F. S. JEFFERIES, Secretary-Manager.
E. C. HAUGEN, Ass't Secretary.

DIRECTORS

C. E. BAEN.....Anglo & London-Paris National Bank
C. C. BECK.....J. A. Folger & Co.
HORACE COFFIN.....Baker, Hamilton & Pacific Co.
WM. DEANS.....Selbach and Deans
THOS. M. EARL.....Nolan-Earl Shoe Co.
EUGENE S. ELKUS.....The Elkus Co.
E. C. GAYMAN.....Sperry Flour Co.

J. W. GEESLIN.....Thomson-Diggs Co.
W. B. MAXWELL.....Blake, Moffit & Towne
C. H. MERRILL.....Holbrook, Merrill & Stetson
J. H. NEWBAUER.....J. H. Newbauer & Co.
R. H. OHEA.....The Paraffine Companies, Inc.
C. A. PARMALEE.....Nathan-Dohrmann Co.
W. A. RANKIN.....Walton N. Moore Dry Goods Co.

COMMITTEE CHAIRMEN

SPEAKERS—C. A. Parmelee, Nathan Dohrmann Co.
FINANCE—W. B. Maxwell, Blake, Moffit & Towne.
PUBLICITY—R. H. Ohea, The Paraffine Cos., Inc.
ENTERTAINMENT—Eugene S. Elkus, The Elkus Co.
HOTEL—F. S. Jefferies, Secretary-Manager.
CONVENTION HALL—C. E. Baen, Anglo & London-Paris Nat'l Bank.
RECEPTION—C. C. Beck, J. A. Folger & Co.
LADIES' AUXILIARY—Mrs. T. M. Earl.

A Great Credit Congress

THE officers and directors of the National Association of Credit Men who are responsible for the San Francisco business programme, have set out to make the Twenty-sixth Annual Convention of the National Association of Credit Men mean more to those who attend than any previous convention. The problems of the moment are largely credit problems. They are national and international in their sweep, yet credit men recognize how they bear upon the individual credits which they extend from day to day. Qualities are called for in credit management, under existing conditions to which we have heretofore given too little attention. The qualities that are demanded today in credit granting will be analyzed by the convention as a whole and in groups.

The group conferences are to be featured more than heretofore. Fifteen well defined groups of trade and manufacture have been organized. The important conclusion of each will be converged into the general convention so that the subjects which stand out as most important

in each group, will be briefly set before the general session of delegates.

The Association committees have been handling bigger questions during the past year than ever before and will ask for the action of the convention upon their conclusions, some of them of first importance to the future of the Association and to credit work in general. This should have a meaning for all parts of the country and all parts should be well represented.

It is unnecessary to say that the San Francisco convention offers the best opportunity the Association has ever been able to give to cultivate the social side of our work, to bring men from every section closer together for better understanding. This is a matter of paramount importance right now. This convention also gives an opportunity never before equalled in the annals of the Association to become acquainted with our great country, to gain new strength and an optimism which cannot be even temporarily quenched by any reaction in business no matter how great.



Entertainment Provided by Our Hosts

THE entertainment features of the National Convention are in keeping with the reputation for lavish hospitality that San Francisco has always enjoyed. The tentative program for entertainment includes a motor trip around San Francisco and a visit to Mount Tamalpais, from which there is a picturesque view of San Francisco and the bay regions. The railroad which takes the visitors to the peak lifts them 2,608 feet above sea level on a track requiring so many curves as to earn for the railroad the designation, the "crookedest railroad in the world."

The President's reception will be held at the Palace Hotel on Tuesday evening.

On Wednesday afternoon there will be a recess of two hours immediately after luncheon for an automobile tour of San Francisco. This trip will include a visit to Golden Gate Park, the Presidio, the City Hall, the Municipal Auditorium, the Scottish Rite Hall, Chinatown, the Latin Quarter and various points

known by name to thousands of readers of fiction and history. In this way the delegates will be able to get a comprehensive view of one of the most picturesque, interesting and enterprising cities in the world.

On Friday evening a vaudeville entertainment will be provided.

Cordial Fresno Message

THE Fresno Chapter of the San Francisco Association of Credit Men is extending an invitation to convention delegates to visit Fresno county and get first hand knowledge of the great industries that have made that county known throughout the Union.

From the time of arrival at Fresno, Saturday, June 18, the members of the Fresno Chapter will make every provision for their guests, taking them to the largest raisin and fruit packing plants in the United States and to points of scenic interest in the heart of California's first fruit growing county.

The promise is not only the best of good times but a day that will be remembered long after the return home.

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A Welcome from Seattle

By N. Hallgren

President, Seattle Association of Credit Men

FOR the first time in the history of our National Association of Credit Men we are to have a National Convention on Pacific Coast, and it is with sincere pleasure that the Seattle Association of Credit Men, the second largest in membership west of the Rocky Mountains, bid you welcome and urge upon you to attend. We extend to you this welcome not only in behalf of ourselves and our neighbor, San Francisco, but in behalf of the Pacific Coast.

Some of you have perhaps only a meager knowledge of the country west of the Rockies, but when you have seen for yourself you will say that it is God's own. We want you to come; we urge you to come. Put your cares aside for a short period. Arrange to go with other credit men from the Eastern States on the special train provided to carry you with comfort and luxury to the Pacific Coast. The expense of the trip is nominal; and when you return you

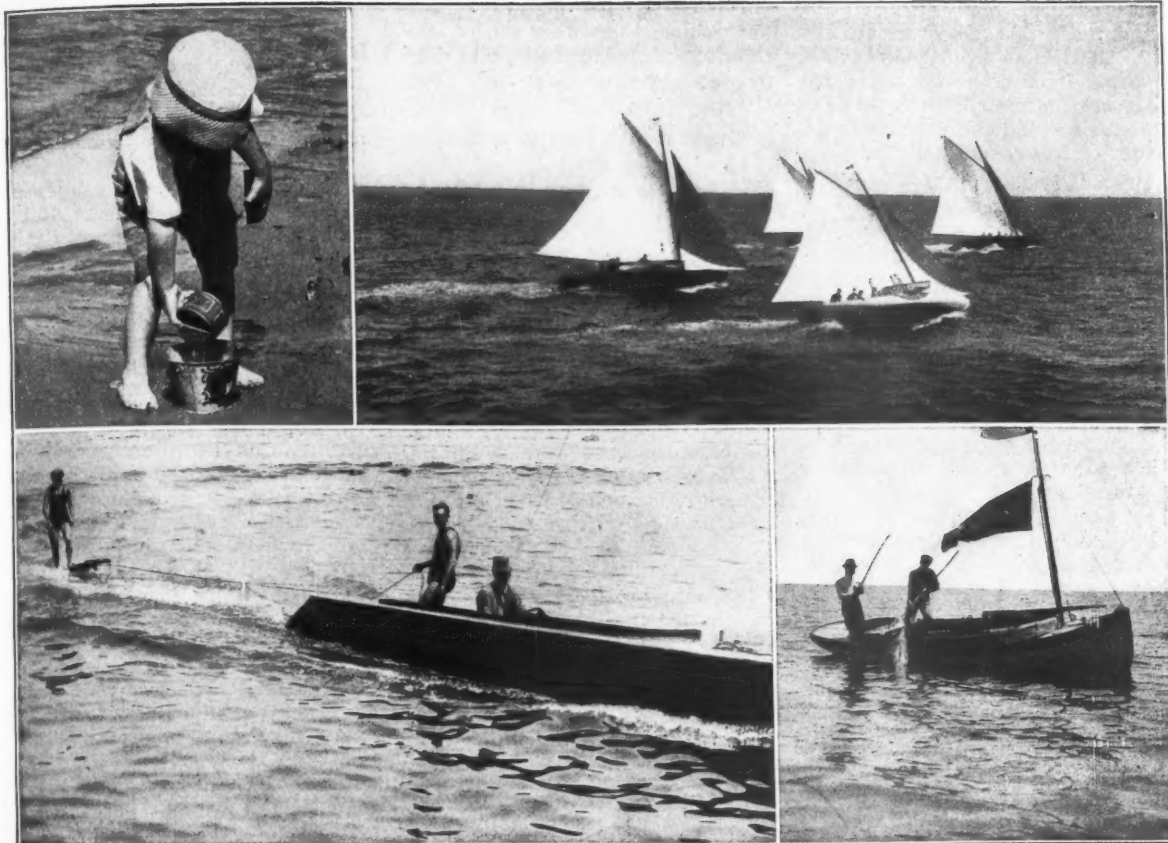
(The photographs on these two pages were kindly supplied by the Santa Fé Railway)



San Francisco Scenes

Looking across the Bay (Photo by Gabriel Moulin)
Ocean Beach from Sutro Heights

The Golden Gate
Through the trees at Fort Mason



A little California "Sand Dab"
Trailing a "water nymph"

They're off! May the best boat win

Where the deep sea gives up its gamest fish

will say that it was more than worth while.

Our wonderful country, rich in natural beauty, awaits you. Our progressive Western cities want you to come. The West is extending to you the hand of fellowship. Come!

Tacoma Welcomes Credit Men of the East

By A. B. Coulter

President, Wholesalers Assn. of Credit Men, Tacoma

ALWAYS the West has beckoned and called to the East to come to a land of great opportunities, of hidden wealth in mountain, forest and stream, to come where nature has bestowed splendors of ocean and snow-capped mountain and gorgeous sunsets, in riots of color, to delight the eye.

And some there are who heeded not the call, who felt the East was the beginning and end of all, and who were not moved by the lure of God's great out-of-doors "Out Where the West Begins."

But once more the West holds out a welcoming hand and now bids the Credit Men of the East meet with us at San Francisco. From the Puget Sound Country, as well as

from California, invitation is extended, and we all say, "Come!" We want your story of the credit and financial situation. We want the inspiration and enthusiasm that comes from a great convention. We need you and your advice, and when you are here, we want to show you some of this great Pacific Coast Country, its possibilities, its beauties, so that when you return to your homes you will carry delightful impressions and fond memories of the Golden West.

We need you: You need us. Come!

San Francisco and Los Angeles Attractions

By J. A. Cattell

President, Los Angeles Credit Men's Association

THE matter of time and expense seems to be, naturally enough, under discussion by many Eastern members when thinking of the Convention at San Francisco, June 14 to 17. However, it will be a privilege of a life time to attend this Convention, it will be well worth the expenditure.

San Francisco holds an enviable

reputation, she is in a class by herself when it comes to entertainment. They are public spirited, they are hospitable, they are high voltage Live Wires. They have magnificent Civic improvements, they have beautiful Golden Gate Park (one of the finest and largest parks in the country), they have that inland sea—the Bay of San Francisco, and the Golden Gate of the Pacific. These features alone will repay anyone for making the trip.

The matter of education stands out in bold relief. The Convention program will deal with timely credit and financial subjects. In view of the conditions in our country and the great readjustment problems to solve, there is not a man who can afford to miss it.

There is something to learn of your own country. Unless a man has visited the Pacific Coast, he has no conception of the developments here. Some folks think that our only assets are Oil, Ozone and Oranges. These are assets of tremendous proportions, but we have an agricultural, industrial, mineral and commercial development that usually astounds the observing visitor.

Seldom is there an Eastern stranger who has the correct idea of dis-

tances out here. Many do not realize, for instance, that San Francisco and Los Angeles are five hundred miles apart, and that it is over double that distance from San Francisco to Seattle. Every large coast city is the center of tremendous activity.

LOS ANGELES

We invite you most cordially to come by way of Los Angeles. We will show you our beautiful boulevards (of which we have hundreds of miles). We will turn you loose in a real orange grove where you can pick and eat to your heart's content, we will show you mammoth moving picture industries, where they make 90 per cent. of the pictures shown in the United States. In addition, you will see the garden spot of the world and incidentally, the metropolis of the Pacific Coast. Then you may visit Catalina Island, where you may see the flying fish, the wonderful submarine gardens, the deep sea fisherman's paradise. (Bill Wrigley says, "No trip in all the world like this.")

This trip will be a real opportunity, an educational feature that cannot be over estimated and a trip filled with pleasures that one will long remember. I cannot too strongly urge that every member attend, if it is at all possible.

We welcome you to the Pacific Coast!

Chicago on Its Way to Convention

THE route of the Chicago delegates includes a trip through the famous Canadian Rockies, leaving Chicago on the evening of Saturday, June 4, arriving at St. Paul the following morning. After a short stopover the journey will be resumed through Minnesota and North Dakota, waking the following morning amid the prairie scenes of Saskatchewan, continuing through Saskatchewan and Alberta to Banff, where we have a full day to view the natural wonders of the lakes and mountains. There are many delightful drives by carriage, trolley coach and automobile at moderate expense. Banff is located in Dominion National Park of 5,732 square miles. Other special attractions are the Hot Sulphur Bathing Pool, Lake Minnewanka, Tunnel Mountain, Buffalo Park, Cave and Basin, Sawback Mountain, etc. Drives will be arranged in order to see and enjoy all points of interest.

The next morning is to be spent at Lake Louise, the pearl of the Canadian Rockies, said to be the most beautiful bit of scenery in the world—a lake of the deepest and most ex-

quisite color, mirroring in its depths the somber gleaming glacier and towering snow-crowned peaks, surmounted by blue skies and fleecy clouds.

CROSSING THE GREAT DIVIDE

Leaving Lake Louise we reach Field in an hour and a half, where a fifteen-minute stop is made. Between Lake Louise and Field the "Great Divide" is crossed.

Some 75 miles west of Field is the Connaught Tunnel, five miles in length, the largest tunnel in North America. At its western entrance we see Glacier, a favorite resort for Alpine climbers, with its ten miles square Illecillewaet Glacier, fed by the ice and snows of Mt. Sir Donald.

The party leaves next morning en route to Vancouver, so as to obtain a daylight view of the wild and enthralling scenery of the Black, Thompson and Fraser Canyons. This will no doubt be the most interesting part of the trip for those who are attracted by wild and rugged mountain and canyon scenic effects. At Mission, 42 miles from Vancouver, the delegates say *au revoir* to the mountains, through which they have passed for 500 miles, all by daylight ride.

The Chicago special is scheduled to arrive at Vancouver at 5:30 P. M., June 9. Several hours of daylight and evening in Vancouver, embarking upon the palatial steamer of the Canadian Pacific "Princess" line, leaving at 11:45 P. M. for Victoria, due there the following morning at 7 o'clock. Victoria is the garden spot of Canada and the Provincial capital of British Columbia, overlooking the Straits of Juan de Fuca, across the blue waters through the snow-capped Olympic Mountains. At 4:30 P. M. the journey is continued from Victoria by steamer, arriving at Seattle at 9:15 P. M.

At Seattle the railroad trip is resumed by special train, leaving at 11:45 P. M., and arriving at Portland next morning. It is contemplated to spend the day in Portland, leaving that night for San Francisco, so as to have the full benefit of daylight trip over the Mount Shasta Route, which is of never-failing interest to tourists. The train is scheduled to reach San Francisco late in the afternoon of June 13, the day preceding the opening of the convention.

COST

For the cost of the trip and further details, members of the Chicago Association of Credit Men may consult their energetic secretary, J. F. O'Keefe, 10 South La Salle street, Chicago.

Indianapolis Train

UNDER the direction of the Indianapolis association a special train party for the Convention is being organized. The start will be made from Indianapolis on Saturday, June 4, routed by the way of St. Louis and Kansas City to Denver, where brief stops will be made. An afternoon and evening at Colorado Springs will afford opportunity for a trip through the Garden of the Gods, and to the summit of Pike's Peak, thence by the Royal Gorge route, with a brief stop at Glenwood Springs to Salt Lake City, where a day will be spent.

The journey will then continue over the San Pedro route through the Rainbow Canyon to Riverside, California, where an automobile ride through the Redlands will be enjoyed, with a stop at the Missions Inn; then on to Los Angeles where two days will be spent. The trip North over the Southern Pacific, with a stop at the Big Trees of California, will bring the party to San Francisco on the afternoon of Monday, June 13.

For the return from San Francisco, the traveler will have the choice between the Canadian Rockies route or the five day trip through the Yellowstone National Park. Those taking the Canadian Rockies' route will have stops for a day at Portland, for a morning at Tacoma, an afternoon and evening at Seattle, and thence by the Puget Sound steamers to Vancouver. On the Canadian Pacific, stops will be made for a day at Lake Louise, a day at Banff Springs, a day at Winnipeg, a day at St. Paul, arriving at Chicago on Thursday, June 30.

Those taking the Yellowstone National Park trip will go over the Western Pacific through the Feather River Canyon to Salt Lake City, thence to the Park Entrance at West Yellowstone. Five days will be given to the Yellowstone Park with calls at all of the principal attractions in this great natural scenic gallery. The return from the Park will be by way of Ogden, via Union Pacific Railway, arriving at Chicago Tuesday, June 28.

This trip will be conducted on the all-expense plan. Full details as to cost, etc., from various points in the Middle West and South can be had on application to Vernon Hinkle, 336 Lemcke Building, Indianapolis. The plan calls for a general assembly of delegates at Indianapolis where visitors will be entertained by the members of the Indianapolis association and the start for St. Louis made together.

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Schedule of Special Train

RESERVATIONS and requests for information or rates from various points, continue to pour into the National Office, 41 Park Row, New York, for the special train, on the "all-expense plan," announced in the April CREDIT MONTHLY. The train will consist of section and drawing room cars, compartment cars, club and observation cars, the same equipment being provided during the entire round trip.

ALMOST A DUTY

President Koelsch writes THE CREDIT MONTHLY that, in his opinion, it is almost a duty of every Eastern member who can possibly do so to go to the Convention this year. The Pacific Coast credit men have loyally supported the Association and have attended conventions in other sections of the country for a quarter of a century. Now here is an opportunity for the Eastern members to reciprocate. Incidentally, they will enjoy the celebrated hospitality of the Coast; they will serve their companies and themselves as credit men; and they will get, at a reasonable cost, an unforgettable glimpse of this great country of ours. Moreover, by June, every credit man will have earned a vacation! And many will want to take their vacations by visiting the national playgrounds, such as the Yellowstone, the Yosemite, the Grand Canon and Rockies.

SCHEDULE

The schedule for the train is as follows:

Leave New York Saturday, June 4, over New York Central Line, 5:30 P. M.

Leave Chicago over the Sante Fe Sunday, June 5, 6 P. M.

On Monday morning, June 6, a stop-over at Kansas City, with the members of the Kansas City Association—three hours.

Tuesday, June 7, Albuquerque—one hour.

Wednesday, June 8, a day at the Grand Canyon, leaving just after sunset. Breakfast, luncheon and dinner at El Tovar Hotel. The famous rim ride.

Thursday, June 9—day about Riverside and Smiley Heights with automobile trips and dinner at the famous Mission Inn; arriving at Los Angeles 10 P. M., Thursday, June 9. Accommodations provided at Alexandria Hotel.

Two days will be spent with the members of the Los Angeles Asso-

Photo by Canadian Pac. Ry.



CHATEAU LAKE LOUISE, LAKE LOUISE, ALBERTA

ciation, and the start north made on the morning of Sunday, June 12, with afternoon and evening at Santa Barbara, luncheon and dinner at Ambassador Hotel and automobile drive to Missions.

Monday morning, June 13, at Del Monte (Del Monte Hotel, breakfast and luncheon, and famous seventeen-mile drive), arriving at San Francisco, 6 P. M.

Tuesday, Wednesday, Thursday, Friday and Saturday, June 14-18, will be given to the San Francisco convention. During stay in San Francisco, neither lodging nor meals are included in all-expense plan but members of party and baggage will be transferred to hotel.

The return will be by the northern route. Canadian-Pacific Railroad, Saturday, June 18, leaving San Francisco at 10 P. M.

Sunday, June 19, en route, with a short stop at Shasta Springs.

Monday, June 20, the entire day spent with the members of the Portland Association of Credit Men. Luncheon and dinner at Hotel Benson.

Tuesday, June 21, morning with members of Tacoma Association and afternoon and evening with Seattle Association of Credit Men. Dinner and lodging at Hotel Washington.

Wednesday, June 22, Canadian-Pacific Steamship from Seattle to

Victoria and Vancouver—all day trip on Puget Sound.

Thursday, June 23, Canadian-Pacific Ry. passing through Fraser River Canyon.

Friday, June 24, the day and evening at Chateau Lake Louise. Luncheon and dinner at Chateau.

Saturday, June 25, the day and evening at Banff Springs Hotel. Luncheon and dinner at hotel.

Sunday, June 26, passing through the great provinces of Alberta and Saskatchewan.

Monday, June 27, the day spent at Winnipeg with the members of the Canadian Credit Men's Association, where a hospitable welcome is assured.

Tuesday, June 28, day with members of the St. Paul and Minneapolis Associations. St. Paul Hotel for luncheon and dinner.

Wednesday, June 29, a stop of two morning hours at Milwaukee, with members of the Milwaukee Association, then via Chicago directly home, arriving in New York, Thursday, June 30, at 5:25 P. M.

Minneapolis Train

THE Minneapolis Association has reached in its enrollment the number required to make up a special train to the Convention at San Francisco. The railroad management has decided to put on two complete trains if the number of delegates warrants so doing.

Books, Pamphlets and Articles Read for the Credit Man

CAPACITY, TWIN SISTER TO CHARACTER IN THE FOUR BIG C's. Part I. William Post. The Central National Bank. 1920. 100 pp.

Mr. Post, whose analysis of the Four Big C's, character, capacity, capital and collateral, is well known to every student of credit, has begun to publish a revision of the second of the Four Big C's, "Capacity." The work has grown under his hands so that he has divided his subject into two parts, technical capacity and financial capacity, of which the former has just come off the press.

No one could be more in love with his profession than is this veteran credit grantor. Facts are not dry as dust in his hands. They are enlivened everywhere by actual business experiences and by illustrations drawn from every walk of life. Homely pictures and apt epithets give to his pages a raciness of the soil.

Every credit man whether he be beginner or tried credit manager will find both inspiration and information in this book.

Labor Terminology

LABOR TERMINOLOGY. Business Research Bulletin No. 25. Harvard Bureau of Business 1921. 108 pp.

The Harvard Bureau of Business Research has again demonstrated its ability to serve business. It has just published a book on Labor Terminology. Professor M. J. Copeland, Director of the Bureau, recognizes the difficulty of attempting definitive and generally satisfactory definitions of words and terms used in modern business and industry. He therefore limits his definition by using the standpoint of organized labor. He believes that "the solution of labor problems will be simplified if in dealing with organized labor, for example, the employers know with some accuracy what meaning is attached by members of labor unions to the words and phrases which they use." The book is sure to be of great value to employers and prospective employers of labor. In it they will find definitions of collective bargaining, injunction, etc., as well as descriptions and statistics of various unions.

LIFE INSURANCE IN RELATION TO CREDIT AND AS A BUSINESS STABILIZER. Address to the Connecticut Underwriters. John T. Manson, pres. First Natl. Bank, New Haven, Conn., member of the New Haven Association of Credit Men.

At the request of the editor, Mr. Manson has courteously supplied *THE CREDIT MONTHLY* with the text of his address in which he says:

In the granting of credits that are well secured but may be slow in being paid, many a young man has been started on a successful business career and many business houses and manufacturing establishments have been enabled to expand their activities.

It is not to be assumed that an insurance policy just taken out will of itself alone secure a loan from any well managed bank. The applicant must be a man of character, integrity and good habits; one who has learned the wisdom of thrift and has some basis for credit. The fact that he has had a reasonable line of insurance on his life for a period and has paid the premiums promptly is part evidence that he has learned to be prudent and thrifty, and this fact will create a favorable impression in the mind of the banker. Then,

HARRY NEW

HARRY NEW has passed on. We are no longer to enjoy at our annual conventions the presence of that whole-souled, broad-minded leader of business men whose judgment and sound business views we have always sought, sure to find in him a framer of policies and plans that need not be rewritten.

The Cleveland association discovered Harry New, and there he proceeded to build a new association spirit, which gave the Cleveland association an impetus which soon made it one of Cleveland's great business organizations and attracted the attention of every member of the National Association of Credit Men. The demands of his own growing business did not draw Harry New away from the organization which he felt had so greatly helped him. He continued to give it his best. He set an example of earnest devotion to fellow members; those carrying lighter business burdens thought they had not the time to give to their profession. In 1911, at Minneapolis, he accepted the presidency of the National Association in the face of new and difficult problems created in the retirement of Charles E. Meek in the office of secretary, and the necessity of finding a successor, a task which Harry New recognized would be difficult. His counsel and leadership at that time were valuable beyond estimate. He was resolved that the great work of the Association should not suffer a break during his term and he gave much of himself and of his time to directing the work, which even then with our 14,500 members, was of national importance.

No one who heard Harry New in the address he made on accepting the office of president in 1911 will forget it. In a few brief words he gathered up the high purposes and resolves of the Association and gave eloquent promise of the devotion that the Association would, under his administration, give to that service for commerce, which already was being expected of it.

It has been men like Harry New who have made the National Association of Credit Men not only worth while but indeed indispensable to the commerce of the nation. A man of vision yet controlled by well-balanced conservatism; a man of ideals yet tolerant of the opinion of others and willing to go slowly if need be to attain those ideals, if only he could see progress.

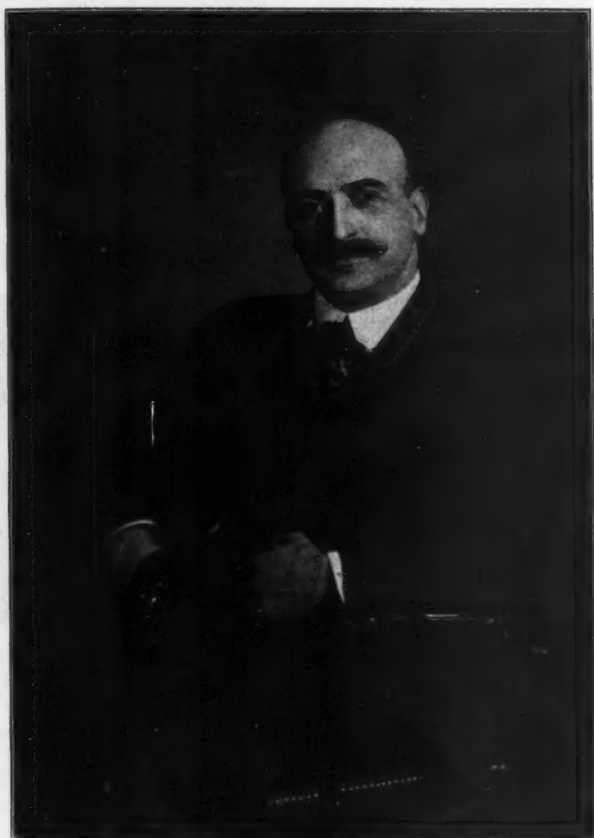
of course, there must be proof of ability as shown by accomplishments in his chosen field.

Usually we have found where it was necessary to suggest to the would-be borrower that he furnish life insurance, that he was a young man just starting in business, with not quite the kind of security that a bank likes to take, nor even enough of its kind, and yet the young man is one of good promise,—one who, if helped in the proper way, and if he lives, should make a good citizen and a good depositor in the bank. As the success of the enterprise in which he is embarking is entirely dependent upon his living, the life insurance is very properly asked for to protect the bank and the business itself in case of his death. The loan, without the insurance, could not be made. In such a case life insurance has made it possible for a young man to get a start in a business career. . . .

We have the New Haven account of a concern with establishments in other cities as well. We were asked by one of the individuals to loan a substantial sum. The name was good, but we had a feeling that if death overtook the principal our funds might be tied up, so it was suggested by our credit department that life insurance be taken out to cover the amount of the loan. The suggestion was favorably received and term insurance was furnished.

There are partnerships carrying on operations that might be seriously hampered in case of the death of one of the partners. The death of the principal financial man of any partnership, and the withdrawal of his capital by his heirs, may spell disaster to the younger men of such a firm. Insurance policies provide protection against such contingencies.

Within a year a gentleman in another state undertook the refinancing of a corporation in Connecticut. When death



Harry New
President, 1911-12
National Association of Credit Men

overtook him he had advanced over \$200,000. His administrator could not carry out the commitment and was obliged to sell out at a very substantial sacrifice to the estate. Business insurance would have saved that man's heirs many, many thousands of dollars.

I carry what seems to me, a reasonable line of life insurance, made payable to my estate, and in two business enterprises in which I am interested life insurance in substantial amounts has been taken out on the managers, the death of whom would unquestionably affect the operations.

RETAIL CLOTHIER'S VIEW OF CANCELLATIONS. The Ten Commandments for Spring and Summer Merchandising. National Retail Clothier, Chas. E. Wry, director. March 17, 1921. Natl. Assn. of Retail Clothiers, Chicago. 2 pp.

Of the Sixth Commandment. "Thou shalt not cancel," the writer says:

"Cancellation is one of the costliest evils in modern merchandising. It is costly because it prohibits efficient and capable buying, and it adds to the price of merchandise because of the charges attached to the department and return of goods, combined with the other losses involved. It is true enough that manufacturers have taught retailers a great part of what they know about cancellation. Manufacturers during the war cancelled freely. Nevertheless two wrongs do not make a right, and cancellation is a wrong, whether it was introduced originally by the wrong action of the manufacturers or not. It should not be a part of the plan of any progressive modern retailer to cancel, if he will buy merchandise on a no-cancellation basis he will buy only what he needs and only what he can sell. Do not cancel."

STICK TO YOUR TERMS. Mfg. Jewelers Board of Trade, exec. office, Providence, R. I. 16 pp.

In this valuable pamphlet the manufacturing jewellers' Committee on Terms and Discounts have brought together, in concise and convenient form, a number of suggestions and opinions that have heretofore been issued to their members through the medium of circular letters. It is advisable and opportune to compile these letters into this small volume and offer it to the jewelry trade as a manual of the best methods of handling the subject of terms and discounts.

One of these informing and stimulating letters says, "Loose terms don't stimulate sales." Once more we say, "Stick to your terms!"

"Should you at any time experience a slowing up in business, don't offer to make more liberal terms to stimulate sales. Loose terms will not create or increase a market for goods.

"Keen buyers will get the best terms they can from you, but with them, terms are secondary.

"If you have salable merchandise at correct and equitable terms, the keen buyer will buy of you and have greater respect for you if you stick to your terms.

"If your merchandise is not salable, don't try to force sales by loose terms; you will only succeed in selling undesirable trade.

"The only path to success is to improve your product, efficiency and service, but stick to your terms!"

TRAILING MAINE AFFAIRS WITH THE BANK. The Burroughs Clearing House. Burroughs Adding Machine Co., Detroit. March, 1921. 1,100 words.

A miniature on wheels of the Bangor, Me., First National Bank was trailed to six county fairs and into scores of towns. Literature, souvenirs and selling arguments resulted in 300 new accounts and deposits in many old accounts.

TURN ALLIES' NOTES INTO CASH. Editorial in The Financial Age. Jan. F. Howard Hooke, Editor. 1 p.

This editorial declares that "it is not at present so much the matter of collecting the \$10,000,000,000 loaned by the United States to the Allies that is to be settled—for that may be regarded as a foregone conclusion—but that of securing the interest on the debt, in arrears since May, 1919. It will be news to many persons that this interest has not been paid for more than 20 months, but such is the case. If this interest were available it would ease, in some degree, at least, the tremendous tax impost."

The editor goes on to say that "in the Republican Publicity Association monograph is cited the fact that the present national debt is about \$24,000,000,000, and that of this amount foreign governments owe more than \$10,000,000,000. It is pointed out that if that sum, or part of it, or even if regular payments of interest upon it, could be assured, the effect upon tax schedules would be fundamental. Ignorance regarding the present status of this indebtedness appears to be almost general, it is stated, even leading men of the nation showing a woeful ignorance in this respect. On the foreign debt the interest amounts to about half a billion dollars annually. Collection of this, as it is asserted, would reduce the interest charges on this country's national debt, and the annual burden of the taxpayer would be lessened by so much. If the amortization of the principal be settled according to some of the schemes already devised, the future would be rendered so much clearer."

Who's Who in the World of Credit

William R. Stevens



Photo by Wm. Shewell Hills

B. 1890, Wilmington, Del. M. 1913. Ed., High school and business college, Pace & Pace accountancy course. Methodist. Member, Scottish Rite Mason. Recreations: billiards, tennis, bowling and automobiling. Favorite reading: financial and credit magazines, Literary Digest, System. Bus. addr., Hercules Powder Co., Delaware Trust Bldg., Wilmington, Del.

On graduating from business college started work with Armour & Co., at \$9.00 a week, as stenographer to the manager and cashier, refusing position which offered more money but no advancement. In six months was stock clerk and assisted cashier in collection of city accounts. In 1911 transferred to Washington, D. C., as assistant cashier and stock clerk, working on city collections as much as possible. In March 1912 left Armour & Co. to accept what in few months proved to be assistant credit manager of Standard Oil Co. of N. Y., Albany, N. Y. Work all strictly credit work on extremely large scale, thousands of accounts. Resigned July 1918 to take up present work with Hercules Powder Co., Wilmington, supervising credits and collections at home office and all branch offices, directly under treasurer of company.

No local association of credit men in Wilmington. Is member of the Natl. Assn. of Credit Men. Has always acted with the Assn. even before joining on matters which were of mutual interest.

Clarence E. Baen



B. 1872, Brecon, Ohio. M. 1908. Ed., Law Department of the Univ. of Cincinnati, when William Howard Taft was Dean. Treas. of the Central Bureau, which is composed of a union of twenty

of the leading civic organizations of San Francisco. Member: Committee of Fifteen, which is a joint committee of the Chamber of Commerce, the Real Estate Board and the Central Bureau, for the betterment of San Francisco; charter member of Bethlehem Lodge F. A. A. M.; its treas. for two years, member Cala Chapter No. 5; R. A. M.; Commonwealth Club; San Francisco Commercial Club; Presidio Golf Club. Bus. addr., Anglo & London Paris National Bank, San Francisco, Cal.

Two years in office of one of the leading civil engineers of Ohio. In 1894 entered the employ of the Cincinnati office of Bradstreet Co. and was employed as reporter and canvasser until 1898 when resigned to take a position as credit man with H. Rosenbaum & Co., cloak and suit manufacturer. Continued study of law and was admitted to the Bar of Ohio in 1908. Re-entered service of Bradstreet Co. in Denver, 1900, and superintended this office from 1904 to 1908. (Admitted to Bar of Colorado in 1906.) In 1908 was promoted to superintendent of San Francisco office. Resigned in 1913 to become assistant manager of local branch of the International Banking Corp., America's pioneer foreign Banking Corporation. Continued in that capacity until 1916 when became associated with the Anglo & London Paris National Bank.

Director of San Francisco Assn. in 1915; elected vice-pres. in 1916, serving as chairman of Finance Committee. In 1919 elected pres. During this period, membership increased from 250 to 750 and a Credit Reporting Bureau was established, which has over 300 members, and is one of the most efficient Bureaus in the U. S. Is a director of local assn., chairman of Finance Committee, member of Executive Committee, chairman of Hall Committee and Member of Entertainment Committee of National Convention in June 1921.

Albert F. Stepan



Photo by Steckel

B. 1883, London, England. Ed., England, private school; New York grammar school; private tutoring. Episcopalian. Member: Los Angeles Athletic Club; Gamut Club; Los Angeles Chamber of Commerce; Los Angeles Credit Men's Assn. Recreations and hobbies: music, swimming, hiking, Credit Men's association activities. Favorite reading, general literature, fiction, autobiography and history, (necessarily business literature). Bus. addr., Western Wholesale Drug Co., Los Angeles, Cal.

In 1897 at the age of 14, entered the employ of Roessler & Hasslacher Chemical Co., N. Y. City, as office boy. Filled various clerical positions with them until 1903, when went to Los Angeles. Connected at that time with the Western Wholesale Drug Co. Is now assistant secretary and credit manager.

Second vice-pres. of Los Angeles Credit Men's Assn. Chairman of Publicity Committee. Generally interested in any work of the National Association, for this is one of his chief hobbies.

John M. McComb



B. 1873, Pittsburgh, Pa. M. 1900. Ed., Public Schools. Member, Presbyterian Church; director, Motor & Accessory Mfgs. Assn. Recreations: golf, fishing. Favorite reading: current financial publications, Natl. Geographic Magazine, N. Y. Times, Wall St. Journal, THE CREDIT MONTHLY. Bus. addr., Crucible Steel Co. of America, Rector Street and Trinity Pl., New York.

Entered the business world with a representative firm where he studied merchandising and distribution. In 1900 when Crucible Steel Co. of America was organized, obtained a position with that company. After three years in treasury department, was promoted to assistant to first vice-president. At the end of five years placed in charge of organizing credit department and put in charge of the work. Has always been appreciative and generous in the recognition of the benefit and assistance obtained from contact with the men who have promoted so earnestly the educational work of the Natl. Assn. of Credit Men—men who have shown their foresight and courage in the development and growth of the Assn. and the broadening of this work.

Believes that business is the greatest profession in the world and that in credit work, a man must be a thorough student of mankind and have much faith in his fellow man. Has made it a practice of becoming personally acquainted with the trade he serves, has formed valued friendships and been able to promote the business interests of the trade by the study given the financial development of manufacturers and bankers. Elected vice-pres. of Crucible Steel Co. at recent meeting.

Vice-pres. of Pittsburgh Assn. of Credit Men. Chairman, Council on Credit Defense, Natl. Assn. of Credit Men.

Edward P. Tuttle



B. 1863, Massachusetts. M. 1889. Ed., Grammar school. Baptist. Member: Masonic Fraternity, (received 25 year medal and life membership two years ago); Hunnewell, Wompatuck, Shoe Trades, and Hingham Yacht Clubs; Boston Chamber of Commerce; Mass. State Chamber of Commerce. Recreations: under peremptory orders of physician has played golf two or three times a week for ten years; last three years has enjoyed automobiling. Bus. addr., The Atlas Shoe Co., 614 Atlantic Avenue, Boston, Mass.

Began with the wholesale shoe house of Batchelder & Lincoln, Boston, Mass., in 1877. Remained with them for 19 years. Organized the wholesale shoe house of Tuttle-Smith Co., 1897. This business was merged with The Atlas Shoe Co., New England distributors for Rice & Hutchins, Inc., in 1899. Is now vice-president and general manager of The Atlas Shoe Co.

Became connected with the Boston Credit Men's Assn. in 1913. Has been director and vice-pres. in the Credit Adjustment Bureau, and is now a trustee of that Bureau. Has been director in local assn., vice-chairman, vice-pres., and for the past three years, pres. Elected National Director last year. Served on different committees; now member of Administrative Committee and Credit Defense Council.

George J. Clautice



B. 1885, Baltimore, Md. M. 1909. Ed., parochial schools, business college, and night schools. Catholic. Member: Knights of Columbus, Y. M. C. A., Retail Credit Men's Association, Builders Exchange. Recreations: automobiling, walking, reading. Favorite reading: business educational books and magazines, magazines on current affairs. Bus. addr., Lyon, Conklin & Co., 13 Balderston St., Baltimore, Md.

Started in 1900 as a stenographer at

\$3.00 per week. Later promoted to bookkeeper at \$7.00 per week. Fire of 1904 destroyed business. Held other positions until June 1906, when entered employ of Lyon, Conklin & Co. as assistant bookkeeper. Later promoted to bookkeeper and in 1912 elected secretary. About that time began attending monthly dinners of the Baltimore Association of Credit Men. In 1917 was elected treasurer of Lyon, Conklin & Co.

Has served on Membership and Educational Committee of the Baltimore assn. In 1918 started class in Credits and Collections under auspices of Baltimore Assn. as Baltimore Chapter No. 1 of the National Institute of Credit. In 1919 was successful in having the City of Baltimore revise its commercial courses and install course in credits at the Baltimore City College, and appropriate \$10,000 for the purchase of office machinery to install model office in three city high schools. In 1920 was elected vice-pres. of the Baltimore Association of Credit Men. Served as a member of Advisory Committee of the National Association of Credit Men and in 1919 appointed Chairman of Committee of Credit Education and Management of the National Association.

William Post



B. 1853, Beverley, N. J. M. 1889. Ed., grammar schools under Prof. Wilbur Watts, Burlington, N. J. Methodist Episcopalian. Recreation: fishing. Bus. addr., Central National Bank, Phila., Pa. Entered Central National Bank of Phila. as a lad on April 1, 1871, in answer to newspaper advertisement. First duties were in running errands, and he recalls many visits to Jay Cooke & Co., Civil War bankers on South Third Street.

Went through all the departments of the bank below official service during the first twenty years, at the end of which time he found himself at the discount desk. After entering up notes for discount and handling collateral for a few months, he asked permission of one of the senior officers to analyze the bank's credits, which was granted. At that time the bank did not have a single credit file or a single envelope containing credit data. Now its files cover upwards of two hundred cubic feet of carefully classified information of value. Credit had been extended during the previous twenty-five years in the old-fashioned way of looking the man over, hearing his story, and giving him the loan. The bank had been successful in extending credit in that manner. But the analysis which was developed by the writer covering the period of a year brought out that more modern methods were needed. That analysis uncovered one line of forged paper of about \$25,000, and another line

of \$60,000, where the people were bankrupt and just upon the eve of failure. Both sums were saved to the bank by quick action. The gradual developing and unfolding of the condition of fraud in one of these lines and insolvency in the other, proved a wonderful stimulant to him and down to the present moment credits have had a keen relish for him.

Selected Second Assistant Cashier in 1893; Assistant Cashier in 1899; Cashier in 1905; Vice-President in 1916; President in 1918; Chairman of the Executive Committee in 1920; and completed 50 years of service with the bank on March 31 of this year.

Has found it a pleasure, although carrying full responsibilities in the bank, to try to aid the young men coming on, by giving as much of his varied experiences as he has been able and as might be useful. He wrote the "Bank Catechism" in the first years that the American Institute Bulletins were published, later on several papers on credits. In 1910 he offered "The Four Big C's," which is now being revised. He hopes to finish this revision, although it may take many months of close analysis. (For review of his latest book, see elsewhere in this issue of THE CREDIT MONTHLY.)

Has always deplored the fact that so few credit men have found the time to give the benefit of their research work in credits to the rest of the profession. The reason for that is undoubtedly that the real credit man who is making good today is so hard driven with analytical work in his own institution, that he has neither the strength nor time to make any considerable contribution to the outside field.

Although, to his regret, he has been too closely tied in his bank to become active in the Credit Men's Association, others of the Central National Bank staff have been contributing their full share of association work.

A. T. Rickards



B. 1879, Ocean View, Del. Ed., Goldey Commercial College. Presbyterian. Member: City Club, Chamber of Commerce and Sons of Delaware. Pres. of Town Council, Fire Co. of Prospect Park, Pa. Bus. addr., H. K. Mulford Co., drugs, Philadelphia, Pa.

Employed a few months by Strawbridge & Clothier. In 1898 entered the employ of H. K. Mulford Co. as an assistant bill clerk. Hard work for five years brought its recognition; advanced from one position to another until in 1904, he was elected asst. treas.

First vice-pres. of Phila. Assn. of Credit Men. Member, Executive Committee of Natl. Membership Committee.

David R. A. Carson



B. 1880, Philadelphia, Pa. M. 1909. Ed., public schools, Y. M. C. A. and evening School of Accounts and Finances, University of Pennsylvania. Presbyterian, interested in young men's work. Member: Wm. L. Elkins Lodge No. 646, R. & A. M., Kiwanis Club, City Club, A. I. B., Philadelphia Credit Men's Association. Recreations: hiking, golfing, fishing. Favorite reading: standard authors, current literature. Bus. addr., Central National Bank, Lafayette Bldg., Phila., Pa.

From 1895 to 1899, clerk in wholesale grocery house, entering the banking business with Fourth Street National Bank in 1909. Became active in the Phil. Chapter American Institute of Banking, where first opportunity to study credits was given. This was added to by actual experience in later connections. Employed in various capacities by Central Trust & Saving Company from 1903 as bookkeeper to 1912 when resigned as auditor. After almost 6 years' experience in the commercial world, as accountant and later as sales manager, returned to the banking business in 1918 as an assistant cashier of Central National Bank of Phila.

James H. McMahon



B. 1874, Syracuse, N. Y. M. 1905. Ed., public and high school of Syracuse. Member: N. Y. Athletic Club, Knights of Columbus. Recreations: automobiling, golf. Favorite reading: Kipling, Dickens, Emerson, Financial Chronicle, London Economist, Wall Street Journal. Bus. addr., General Motors Acceptance Corp., 120 West 42nd St., N. Y. City.

Began business with G. H. Hammond Co., packers, as bill clerk in 1892; cashier 1895; traveling auditor in 1900. When National Packing Co. was formed in 1903 with the G. H. Hammond Co. as a nucleus, became N. Y. auditor and credit manager. At this time was also the treasurer of Adams Brothers Co. and assistant sec-

retary of the German American Provision Co. When, in 1912, the Government dissolved the National Packing Co. became a credit manager of Armour & Co. in N. Y., and later in Chicago. In 1919 became general manager of credits for the General Motors Acceptance Corp., and on March 24, 1921, was elected to a vice-presidency.

Was First Sergeant in the 203rd N. Y. Volunteer Infantry, Spanish-American War. As a resident of Syracuse, was prominent in the affairs of the Syracuse Athletic Association, having a considerable interest in local athletic matters, particularly bicycle racing, when that was in vogue.

Generally prominent in affairs of the credit men's assns. in New York and in Chicago.

Ashton L. Worrall



B. 1886, Philadelphia, Pa. M. 1919. Ed., Temple University, Temple Law School. Methodist. Member: St. Paul's Lodge No. 481 F. & A. M.; Phila. Law Assn., Law Academy of Phila. Recreations: swimming, gardening, fishing. Favorite reading: law, law periodicals, history, fiction. Bus. Addr., 1011 Chestnut St., Philadelphia, Pa.

Employed 11 years by the Bradstreet Co. in San Francisco and Philadelphia. In 1915 admitted to the Philadelphia Bar. Member of the Supreme and Superior Courts of Pennsylvania, the U. S. District Court for the Eastern District of Pennsylvania and all Courts of Philadelphia County.

Assistant secretary of the Philadelphia Assn. of Credit Men. Sec. and manager of the Credit Interchange Bureau of the Philadelphia assn.

Clarence R. Peterson



B. 1867, Philadelphia, Pa. M. 1889. Ed., public schools. Member: Protestant Episcopal Church; City Club; Historical

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Society. Bus. addr., Wm. Cramp & Sons Ship & Eng. Bldg. Co., Philadelphia, Pa.

Is assistant treasurer of Wm. Cramp & Sons Ship & Eng. Co., Philadelphia.

Has served as chairman of Membership Committee, General Meetings Committee; now chairman of the Business Literature Committee, and a member of the Advisory Council of the National Association of Credit Men. Served as member of board of directors from 1918 to 1919 and as second vice-pres. from 1919 to date, of the Phila. association.

Edward P. Bailey



B. 1873, Richmond, Va. M. 1901. Ed., George Washington University. Presbyterian. Member: various Masonic bodies and Knights of Pythias, City Club of Phila, Kiwanis Club of Phila. Recreations: gunning, automobile, rowing. Favorite reading: library of about 3,000 volumes. Bus. addr., National Airoil Burner Co., 9th & Thompson Sts., Philadelphia, Pa.

Lawyer by profession, but never engaged in active practice. Treas., National Airoil Burner Co., mfgers. of oil burners for steamship, locomotives, power plants, glass factories, etc.

Director of Phil. Credit Men's Association. Member of Bankruptcy Law Executive Committee of National Assn. Vice-chairman of the National Investigation and Prosecution Committee for District No. 3.

Joseph S. Brock



B. Philadelphia. Ed., public schools and Univ. of Penn. Member: Protestant Episcopal Church; University Club, Philadelphia; Sales Managers' Assn. Recreations: gardening, golf, "tinkering." Bus. addr., Young, Smyth Field Company, Philadelphia, Pa.

Director of Philadelphia Assn. 1913. Vice-pres., 1918, pres., 1919 to date.

General Business Conditions

The Facts Summarized With Comments

By John Whyte, Ph. D.

Director of Research, National Association of Credit Men

WHOLESALE PRICES

1913 = 100

Department of Labor Index 167
(February average).

Bradstreet's 121 (April 1).

N. Y. Federal Reserve Bank, 13
basic commodities, 115.6, (March
19).

COMMENT: The index numbers that are heavily weighted with raw materials and basic commodities, namely, the Federal Bank Index Number and Bradstreet's are only 15% and 21% above the 1913 average. The Department of Labor's Index Number, which contains, in addition to raw materials and basic commodities, a large number of fabricated articles, was, during the month of February 67% above 1913. The Department of Labor's Index Number will continue to fall after Bradstreet's and the Bank's numbers have ceased falling. Bradstreet's Index fell 4.1% in March as compared with 4% in February, 2.3% in January, 7% in December and 13.1% in November. Liquidation of raw materials, though proceeding somewhat slower, has apparently not yet ceased. Prices of raw products, according to daily market reports, were lower on April 11th than on April 1st. With iron and steel moving further downward, the Index Numbers are moving still nearer the 1913 average.

COST OF LIVING

The cost of living for the typical wage earners in the United States decreased 4.4% between February 1st and March 1st. The present cost of living is 17% below the maximum, but still 69% above that for July, 1914. The reason for the difference between this percentage decrease, namely, 17% and the 45.4% decrease of Bradstreet's wholesale commodities and approximately 40% in the Bureau of Labor's commodities, is to be found in the fact that retail prices have not moved down proportionately as far as wholesale prices, and that one large item in the wage earners' budget—rents, have not moved down at all. (These figures on the cost of living are figures for the country as a whole. The figures for many cities are, of course, higher.)

WAGES

The average weekly earnings in New York State factories during February, 1921, were \$26.77, as compared with \$27.61 in January, 1921—the greatest decrease recently registered in a single month. This is a 7% decline from the high point of weekly earnings reached last October.

Comment: Comprehensive figures on wage reductions are difficult to obtain. The decline in earnings in New York State factories of 7% is less than the reduction in many large industries and is hardly to be accepted as typical of industry as a whole. Numerous declines of 20, 22½, 25, 30 and 35, and even higher per cents have been reported. On the basis of the figures available, it cannot be stated definitely whether the wages of all labor, organized and unorganized, have declined 17% (the decline in the cost of living), though with many workers in the public utilities, building trades, printing and other groups still work-

ing at the 1920 wages, it is hardly likely that the general average decline has exceeded by much 17% and it is possible that it may not yet have reached it.

EMPLOYMENT

Employment in the United States declined more rapidly during March than during February. The decline in February was 1%; the decline in March was 1.5%. These figures are based on reports from 1,424 firms employing over 1,500,000 workers.

RETAIL TRADE

Twenty-five department stores in the New York Federal Reserve District report for February, practically the same amount of total sales in dollars, as those of the same month last year. The volume of merchandise was therefore considerably larger.

Comment: Unemployment and wage reductions have, apparently, not as yet affected the purchasing power of the population in this district.

INDUSTRIES REPORTING A DECREASE IN EMPLOYMENT IN FEBRUARY, 1921.

| Industry. | Amount of decrease. | Per cent of decrease from Jan. 31, 1921. |
|--------------------------------------|---------------------|--|
| Iron, steel, and other products..... | 32,981 | 7.3 |
| Railroad repair shops..... | 4,207 | 6.6 |
| Chemicals and allied products..... | 5,127 | 6.0 |
| Liquor and beverages..... | 101 | 5.7 |
| Miscellaneous | 9,197 | 2.7 |
| Stone, clay, and glass products..... | 315 | 2.1 |
| Food and kindred products..... | 2,687 | 1.9 |
| Paper and printing..... | 1,027 | 1.9 |
| Tobacco manufactures..... | 482 | 1.7 |
| Total decrease..... | 56,124 | |

INDUSTRIES REPORTING AN INCREASE IN EMPLOYMENT IN FEBRUARY, 1921.

| Industry. | Amount of increase. | Per cent of increase from Jan. 31, 1921. |
|--|---------------------|--|
| Vehicles for land transportation..... | 17,684 | 18.8 |
| Textiles and other products..... | 19,149 | 8.5 |
| Leather and its finished product..... | 3,056 | 7.7 |
| Lumber and its manufacture..... | 489 | 0.2 |
| Metal and metal products other than iron and steel | 223 | 0.3 |
| Total increase..... | 40,601 | |

Comment: The textile and leather industries were among the first to be hit. They are, apparently, the first to show an improvement. Vehicles for land transportation have made the best recovery, a large part of which is, of course, seasonal. The improvement in the textile, leather and vehicle industries is more than offset by heavy decreases in such basic lines as iron, steel and other products, etc.

FOREIGN TRADE

Export figures for February show a drop of 25% as compared with January. The normal seasonal drop from January to February is 14%. Import figures show an increase of 3% over January. February imports are usually 4% less than January imports.

Comment: The February export figures show a decrease too large to be accounted for by any decrease in the value in dollars of the commodities. Coupled with an import increase of 3%, these figures are not encouraging to those who look for our exports to carry away surplus American products and thus help us out of the business depression.

TRANSPORTATION (RAILROAD CAR LOADING)

The figures given out by the American Railway Association for the week ending March 26th show 687,852 cars loaded, or a reduction of 3,855 from the preceding week and over 200,000 below the corresponding week in 1920 and over 25,000 below the corresponding week in 1919.

Comment: The small number of cars loaded for the week ending March 26th shows that business is still severely depressed.

BUILDING

The following are the figures in dollars of contracts awarded in the territory north of the Ohio and east of the Missouri by identical quarters and months in the last five years:

January 1st-March 31st

| | |
|------|---------------|
| 1921 | \$376,631,000 |
| 1920 | 729,292,000 |
| 1919 | 274,562,000 |
| 1918 | 415,069,000 |
| 1917 | 317,785,000 |

March

| | |
|------|---------------|
| 1921 | \$164,194,000 |
| 1920 | 302,419,000 |
| 1919 | 121,778,000 |
| 1918 | 115,299,000 |
| 1917 | 132,744,000 |

Comment: The figures for building in March show some improvement, though they do not show as yet any great activity. The 1921 figures for the first three months are but a little more than half of the 1920 figures and since the cost of construction was very nearly the same, they represent only about half in volume. The 1919 costs were somewhat lower, but the volume in 1921 probably exceeds that of 1919. In 1919 building during the first few months after the Armistice, was at a pretty low ebb. There is a little encouragement to be gleaned from these figures, but the present volume of building is far from being large enough to absorb any of the slack of other industries.

SOURCES OF INFORMATION

Wholesale Prices: Bradstreet's, New York Federal Reserve Bank, Bureau of Labor Statistics.

Cost of Living: National Industrial Conference Board.

Wages: New York State Industrial Commission, Bureau of Statistics and Information.

Employment: U. S. Employment Service, Department of Labor.

Retail Trade: New York Federal Reserve Bank.

Foreign Trade: Bureau of Foreign and Domestic Commerce.

Transportation: American Railway Association.

Building: The F. W. Dodge Company.

Canadian Bankruptcy Law Permits Secrecy as to Security for Loans

By N. Y. Barr

THE Canadian Credit Men's Trust Association, Limited, has called attention to clause 88 of the Canadian Bankruptcy Act, which reads in part as follows:

"Loans to wholesale men and farmers. The Bank may lend money to any wholesale purchaser or shipper of or dealer in products of agriculture, the forest, quarry and mine, or the sea, lakes and rivers, or to any wholesale purchaser or shipper of or dealer in live stock or dead stock or the products thereof, upon the security of such products, or of such live stock or dead stock or the products thereof.

(2) The bank may lend money to a farmer upon the security of his threshed grain grown upon the farm.

(3) The bank may lend money to any person engaged in business as a wholesale manufacturer of any goods, wares and merchandise, upon the security of any goods, wares and merchandise manufactured by him, or procured for such manufacture. 53 V., c. 31, s. 74; 63-64 V. c. 26 s. 17. Am."

It seems that the security taken by the banks on a loan thus authorized need not be registered to be valid as against creditors. It will be noted that Section 3 refers only to wholesale manufacturers, but persons who are dealing with Canadian manufacturers of goods, wares and merchandise should take this act into consideration in determining the responsibility of the purchaser.

The National Association of Credit Men has always contended for publicity when any property in the possession of one person is pledged or mortgaged as security for advances from another. The act above quoted is out of harmony with the system prevailing in this country and it is to be hoped that it will be the subject of attack by the credit grantors of the Dominion of Canada.

THE CREDIT MONTHLY

Insuring Goods Sold on Consignment

THERE is no fixed rule establishing the responsibility for insuring goods sold on memorandum or on consignment. The owner of the goods is, of course, the shipper, and he is the one who is primarily interested in protecting against loss of the merchandise by theft or fire. In the absence of a specific agreement with the buyer, the law places no responsibility upon the buyer for protecting the interests of the shipper by placing insurance upon the merchandise. The consignee is merely a bailee and required to exercise only ordinary care for the safety of the goods. He is not the insurer.

Sometimes, however, goods are sold on memorandum as a favor to the dealer, who is thus enabled to make a display of merchandise without obligation to pay for the same except as he may sell them. In such a case it is proper and not unusual for the shipper to require the consignee to insure the goods in the shipper's name and to pay the cost of the insurance.

It is very important that the insurance policy be in the name of the shipper (the owner of the goods), whether the insurance be paid by the consignor or the consignee; or if the policy is to be in the name of the customer, the contract should be so worded that the latter is clearly understood to represent the actual owner of the goods in some authorized capacity of trust.

Trade Group Meetings

Kansas City.—The bulletin of the Kansas City association, produced by A. H. Simson, Evans-Smith Drug Co., and Sec.-Treas. F. B. Rose, the Publicity Committee, contains among other good things, an article on trade group meetings which says: "Members who have not made a habit of attending at least one of the Trade Group Meetings each month are losing more than they know. Members in the same or similar lines of business, largely interested in the same customers get together, learn to know one another well, exchange ideas and opinions and get confidential information of great value in the trade. These meetings have meant the saving of a good many dollars which otherwise might have gone the way of all bad accounts, but more than that, have created the feeling of close fellowship.

"These meetings are strictly informal, there is no program, and no speeches are made—simply a free for all conference about the table during the lunch hour—12:15 to 1:30 in the Hotel Muehlebach Grill. The cost is nominal and always the same, the service quick and satisfactory. Card notices are sent out two days before each meeting to members known to be interested in that particular group. At the same time the different group meetings are open to all the members of the association. Any one member can attend all the groups if he so desires."

Constitution and By-Laws of the National Association of Credit Men

PREPARED by a Special Committee authorized by the Board of Directors for presentation at the Twenty-sixth Annual Convention.

This draft differs from the Constitution and By-Laws adopted at Atlantic City Convention in no important respect. Changes in text are largely to give clearness.

CONSTITUTION

ARTICLE I.

Name

This organization shall be known as "The National Association of Credit Men."

ARTICLE II.

OBJECTS

The objects of this Association shall be to organize into a national body individual credit granters and Associations of Credit Men located in various cities, States and other political subdivisions of the nation and to include individual or groups of citizens of the United States wherever located and engaged in American commerce through such organization to unify and establish more firmly the bases of commercial credits; to seek the enactment of laws, and the correction and modification of existing laws, federal and state, so as to assure equality and justice in credit transactions and promote the nation's commerce; to improve methods and principles for the interchange of credit information; to encourage training for credit work through departments of colleges and universities; by correspondence courses and the grouping together of the younger men and students in an Institute of Credit; to disseminate useful and instructive information on credit and commercial subjects; to urge business practices whereby credit commerce may be improved and the nation's welfare advanced; to provide for the treatment of difficult and insolvent estates economically and wisely, by the installing of bureaus; to investigate and prosecute relentlessly fraudulent debtors; to set high standards for commercial practices; to promote cooperation between credit granters, and a more thorough understanding of credit principles; to perform such other types of work as the advancement and protection of commercial credits may require.

ARTICLE III.

MEMBERSHIP

Sec. 1 (a) The membership of this Association shall consist of associations, corporations, firms and individuals of unquestioned reputation granting commercial credits. Each member will designate someone as its representative in the Association's activities; this representative shall be, except when urgent circumstances otherwise require, the credit manager or the person directly charged with the extension of credits.

(b) The membership of this Association shall be divided into two classes, viz: Organized and Individual.

Sec. 2 (a) The organized membership shall consist of the members of affiliated local Associations of Credit Men.

(b) Applications for membership from local Associations of Credit Men shall be made to the Secretary of the National Association of Credit Men and be acted upon by its Membership Committee. A notice from the Secretary to the officers of the Association applying for membership that the application has been accepted will be sufficient to complete the affiliation, accord the rights and privileges and impose the obligations and responsibilities of membership in the organization.

(c) Each local Association of Credit Men affiliated with the National Association shall pay annually into the treasury of the National Association a certain due hereinafter provided for its members. Should this sum not be paid within sixty days after it has been demanded by the treasurer of the National Association, and should the expiration of the sixty day period not be less than four months after the sum is due and payable, the local association thus in arrears may be subjected to forfeiture of its affiliation or such action as the Board of Directors of the National Association of Credit Men may take.

Sec. 3 (a) The individual membership of this Association shall consist of corporations, associations, firms and individuals of unquestioned reputation granting commercial credits and not located in association cities.

(b) The above shall not be construed as preventing a member of a local Association of Credit Men from becoming also an individual member of the National Association of Credit Men.

(c) Applications for individual membership in the National Association of Credit Men must be made to its secretary in writing and accepted by the Membership Committee. When the applicant is informed by the secretary of the acceptance of his application the affiliation is thereby completed.

(d) Each individual member of the National Association of Credit Men must pay into its treasury an annual due that is hereinafter fixed. Should these annual dues not be paid in sixty days after a demand for payment has been made by the treasurer, and should this be not less than four months after the sum was payable, the individual membership shall cease.

(e) The reinstatement of a local Association of Credit Men or an individual member can be made by the Membership Committee when it has received and accepted an explanation of the delay in payment, and the sum in arrears has been paid to the treasurer.

ARTICLE IV.

COMPLAINTS

The National Association of Credit Men within the powers granted by its Constitution and By-Laws and any amendments, changes or additions that may be made to the Constitution and By-Laws at annual conventions of the Association shall function and perform its work with a proper regard to the interests and rights of its members and with their support and cooperation. The Association through its Board of Directors shall investigate fairly and completely complaints emanating from local associations or members of other local associations or members where the complaints involve questions and matters relating to or affecting the purposes of the organization and the service and cooperation for which it has been organized. A written notice of the complaint and its character shall be furnished the local Association or member complained of and an answer required in not less than fifteen days.

Every facility must be secured and granted for an unprejudiced and thorough hearing of the matter involved and whatever decisions are reached by the Board of Directors of the National Association in such complaints may be reviewed at the next occurring convention.

ARTICLE V.

DUES

For the proper support of this Association there shall be annual dues from the organized and individual membership as follows:

Sec. 1. Each local association shall pay to the treasurer of the national association a sum of \$5.00 annually for each of its members. Of this sum \$1.50 shall be reserved as an annual subscription price for each member to the monthly publication of the National Association of Credit Men, and in addition \$1.00 will be used for the support of the Investigation and Prosecution Department. The sum thus assessed will be for a year beginning on a day fixed by the treasurer of the national association for the payment of the dues and the assessment will be based on the members of the local association recorded in the national office on the day thus fixed.

Sec. 2. Each individual member shall pay annually to the treasurer of the national association on a day fixed by the treasurer as the beginning of his membership year, the sum of \$15.00. Of this sum \$1.50 shall be reserved as the subscription price of the member to the monthly publication of the National Association of Credit Men, and in addition \$1.00 used for the support of the Investigation and Prosecution Department. Members of local associations of credit men also affiliated as individual members of the National Association of Credit Men shall pay to the treasurer of the national association the sum of \$10.00 annually. This sum shall be used exclusively for the general purposes of the association.

Sec. 3. Should at the close of any fiscal year of the National Association there remain an unexpended portion of the fund provided for the monthly publication as reserved in Sections 1 and 2 of this article, such unexpended portion shall be disposed of by action of the Board of Directors of the National Association of Credit Men.

ARTICLE VI.

In the place of the annual meeting of the association, an annual convention shall be held. Such convention shall have and exercise all the powers of an annual meeting. The time and place of holding the annual convention shall be fixed by the Board of Directors.

ARTICLE VII.

At each annual convention of the National Association of Credit Men, the local associa-

tions shall be entitled to representation in this proportion:

A delegate for each fifteen members or fraction thereof on a membership up to and including 300; when the membership of the local association exceeds 300, it shall in addition be entitled to one delegate for every 60 members or fraction thereof, in excess of 1,200. Delegates at annual conventions to which local associations are entitled shall be determined by the membership of each association recorded in the national office as of May 31 each year. On questions at annual conventions where a poll is taken, or in the election of officers and directors, each delegate of a local association is entitled to cast one vote for the number of members he represents. A local association may designate a delegate to act as an alternate for other delegates and cast one vote for the members he represents either directly or by alternation. The individual member is entitled to attend the annual conventions of the national association and to cast one vote on subjects and elections where polls are taken. Individual members may also vote by proxy. The proxy must be given, however, to a member of the association residing in the same state, and such proxy shall not be received and cannot be voted by an officer, director or employee of the National Association of Credit Men.

ARTICLE VIII.

The officers of this association shall consist of a president, a first vice-president, a second vice-president, a treasurer and a secretary. There shall be a board of twenty-four directors until the membership of the association has reached 40,000 and then the board shall be enlarged by the addition of one director for each 5,000 increase, or fraction thereof. The officers shall be members of the board of directors by virtue of their offices. The officers shall serve for one year or until their successors are elected and qualified. The officers shall serve without compensation, except the secretary and treasurer, whose salaries shall be fixed by the board of directors. The directors shall serve for a period of two years except when vacancies are to be filled or it is deemed expedient by a convention to equalize the number of directors retiring annually.

ARTICLE IX.

ELECTIONS

Sec. 1. The president, vice-presidents and directors shall be elected by ballot at each annual convention and in the following manner: On the first day of the convention a Committee on Nominations of twenty-five members shall be appointed. Within the discretion of the Board of Directors, this Committee on Nominations may be organized in advance of the convention and its members announced in the monthly publication of the national association. This announcement must be made in the issue immediately preceding the annual convention. The chairman of the Committee on Nominations shall be the last retired president of the national association. Should he not be available, then the last retired president who is available. There shall be four members of this committee selected from the retired presidents of the National Association of Credit Men in the order of their retirement and as they are available; a representative also from each of the ten districts as hereinafter provided selected by the council of each district and ten members at large selected by the Board of Directors of the national association or by the president, should he be so authorized by the Board of Directors.

Sec. 2 (a) The Committee on Nominations shall present to the convention the names of one or more candidates for the offices of president, 1st vice-president, 2d vice-president and for vacancies on the Board of Directors. The selection of candidates for directors must be made by the Committee on Nominations so that none of the ten districts may be represented by more than four nor less than one director.

(b) The nominations for directors shall be announced and the names of the nominees posted conspicuously on the third day of the convention. Thereafter no nominations for directors may be made. The balloting for directors shall take place at the closing session of the convention or at an earlier period should the convention so decide.

(c) The nominations for the offices of president, 1st vice-president and 2d vice-president may be made from the floor of the convention during the period in which the election of these officers is held.

(d) Nominations for vacancies on the Board of Directors may be made prior to the third day of the convention and by written petition to the Committee on Nominations. The petition must contain the name or names of the candidates proposed and be signed by a majority of the delegates of three local

Associations of Credit Men located in the district in which the nominee resides. The petition for nominations to directors' positions may also be signed by twenty-five or more delegates in attendance at the convention and from the district in which the nominee resides. Nominations presented in these forms must be included in the official ballot.

Sec. 3. The secretary and the treasurer shall be elected by the Board of Directors and the two offices may be filled by one person.

ARTICLE X

Each local Association of Credit Men shall select a councillor, and where there are fifteen or more individual members of the National Association of Credit Men in a state, a councillor shall be appointed from their number by the secretary of the national association, to represent them.

ARTICLE XI. COMMITTEES

Sec. 1 (a). In each state a Legislative Committee shall be organized. This committee shall consist of a representative of each local association in the state and of the individual members of the national association, provided there are fifteen or more in the state. The representative of the individual members on the Legislative Committee will be selected by the secretary of the national association.

(b) The National Association of Credit Men shall have certain standing committees. These committees shall consist of a chairman, selected by the Board of Directors of the national association, and a vice-chairman in each of the ten districts. The vice-chairman may be selected by the Board of Directors of the national association or by a local association in the district when invited to make the selection. Each vice-chairman of a standing committee may appoint not less than three nor more than five members within his district to comprise a local unit of the committee, and of which unit by virtue of his office he shall be chairman. The standing committees shall be as follows:

- Adjustment Bureaus
- Banking and Currency
- Bankruptcy Law
- Business Literature
- Business Meetings
- Business Service
- Commercial Arbitration
- Commercial Ethics
- Credit Interchange Bureaus
- Credit Cooperation and Credit Department Methods
- Fire Insurance and Prevention
- Foreign Credits
- Investigation and Prosecution
- Legislation
- Mercantile Agencies' Service
- Membership
- Amendment of Exemption Laws
- Credit Education and Management

Sec. 2. Special committees may be appointed by the Board of Directors. Such committees shall not be permanent (though they may be continued from year to year upon the approval and the consent of the Board of Directors) unless action is taken at an annual convention and by amending the Constitution and By-laws of the association. All standing committees shall be organized immediately after each annual convention.

ARTICLE XII. CONVENTION PROGRAM

The program of each annual convention shall be arranged by the Board of Directors of the national association. They shall determine the time and manner for the presentation of the reports of the officers and committees and also determine which of the reports need not be read during the convention proceedings.

ARTICLE XIII.

QUORUM

Two hundred delegates present and qualified to vote shall constitute a quorum at an annual convention. A majority of the Board of Directors shall constitute a quorum.

ARTICLE XIV.

MANAGEMENT

Sec. 1. The management and directing powers of the National Association of Credit Men shall be vested in its Board of Directors. An administrative committee consisting of at least five members of the board and appointed by the board shall possess its powers in managing and directing the affairs of the association in the interim of its meetings. The administrative committee shall meet at least four times each year and whenever necessary, at the call of the secretary. All appropriations from the funds of the national association shall be made by the Board of Directors or the administrative committee. A budget of the year's estimated income and disbursements shall be prepared by the treasurer and submitted to the Board of Directors at its annual meeting.

Sec. 2. Other than the general powers of management and direction conferred by this article on the Board of Directors specific powers are provided in other articles of the Constitution and By-Laws.

ARTICLE XV.

HONORARY ADVISORY BOARD

Each president of the national association on his retirement from the office will become a member for three years of an Honorary Advisory Board. This board shall consist of the last three retired presidents. The members of the Honorary Advisory Board shall be expected to attend the stated meetings of the Board of Directors; they may initiate ideas and suggestions for the management and control of the association, but shall not offer motions and resolutions or vote on questions at board meetings.

ARTICLE XVI.

CREDIT INTERCHANGE AND ADJUSTMENT BUREAUS

Each local Association of Credit Men shall have the power and be urged to organize under its exclusive ownership and control a Credit Interchange Bureau and an Adjustment Bureau. The directors of the national association shall supervise these bureaus without interfering with their local control. Rules for efficient operation and procedure shall be prepared and recommended by the directors of the national association, and compliance with these rules shall be required for the official recognition of the bureaus. The board may establish a central system for the interchange of Credit Interchange Bureaus. The standards and rules of the Board for Credit Interchange Bureaus and Adjustment Bureaus may be reviewed and amended at annual conventions.

ARTICLE XVII.

CENTRAL OFFICE

The central office of the National Association of Credit Men shall be located in New York City until removed by the action of the Board of Directors at an annual meeting.

ARTICLE XVIII.

AMENDMENTS

1. The Constitution and By-laws of the National Association of Credit Men may be altered, added to and amended at annual conventions of the association, by a two-thirds vote of the delegates present and qualified to vote. Written notice of proposed amendments shall be filed with the secretary of the national association not less than sixty days prior to the date on which the next succeeding convention of the association will be held.

2. Proposals to alter, add to and amend the Constitution and By-laws of the national association may be made in writing by a local association or by ten members either individual or affiliated.

3. Proposed alterations, additions and amendments shall be published in the official journal of the national association of the month immediately preceding the annual convention at which they are to be offered.

ARTICLE XIX.

LOCAL ASSOCIATIONS OF CREDIT MEN

Fifteen or more commercial credit grantors located in a city or a composite district may organize a local Association of Credit Men to be affiliated with the national association. Petitions for affiliation from such local organizations must be approved by the Membership Committee. When the petition is accepted, the local association will be empowered to control and manage its internal affairs and do whatsoever is provided in its Constitution and By-Laws where such provisions do not violate or contradict the Constitution and By-laws of the national association. The local associations shall cooperate with the national association and with one another. They shall receive and consider suggestions in matters pertaining to the welfare of the entire organization and for the carrying out of its purpose. They shall be prompt in their correspondence, systematic in their methods and strive to give expression locally to the ideals of the national association and for the execution of those purposes set forth in its constitution. Local associations shall not join together for the organization of state and district associations except on consent given by the Board of Directors of the national association.

BY-LAWS

ARTICLE I.

Sec. 1. The president shall preside at all meetings and conventions of the association. He shall preside also at all meetings of the Board of Directors. The president shall exercise a supervision of the affairs and inter-

ests of the association as represented in its various activities and its central office. By virtue of his office he shall be a member of all standing and special committees. Special meetings of the Board of Directors may be called by the president at his discretion, and they shall be called when he is requested to do so in writing by at least ten members of the board. Special conventions of the association must be called by the president when at least one-third in number of the local Associations of Credit Men file with him a written request.

Sec. 2. The vice-presidents in order of their seniority and in the absence of the president shall perform all his duties and enjoy the same authority that is granted to the president.

Sec. 3. In the absence of the president and vice-presidents, a member of the Board of Directors shall by ballot be elected president pro tempore.

ARTICLE II.

The secretary shall perform the duties pertaining to his office and the duties that may be assigned to his office from time to time by the Board of Directors or by annual conventions. He shall be responsible for the proper conduct, control and direction of the central office; he shall be empowered to hire proper assistants, to rent requisite office space and to do all things necessary to the efficient direction of the association's activities. He shall make reports to the Board of Directors or the Administrative Committee at reasonable intervals, to include correspondence, the work of committees and all other functions and matters arising within the central office and pertaining to the performance of the secretary's duties. He shall also make a report to each annual convention. The secretary shall endeavor to build up forms of service and so conduct his affairs and administrative work that the full purposes of the association will be realized, and local accounts brought to close co-operation with one another and with the national association.

ARTICLE III.

The treasurer of the association shall receive all monies paid by local Associations of Credit Men, by individual members as dues and for the blanks and forms of service supplied by the association and derived from all other sources. The treasurer shall deposit such funds in a depository or depositories designated by the Board of Directors or the Administrative Committee and shall make such disbursements as are in accord with the annual budget or for such purposes as are authorized by the Board of Directors or the Administrative Committee. He shall keep books of account plainly showing the receipts and disbursements. These books shall be open at all times to the inspection of the president, directors and the Administrative Committee. He shall make a report of the receipts and disbursements to each annual convention of the association, or whenever such a report is desired by the Board of Directors or the Administrative Committee. The treasurer shall be required to furnish bond for the faithful discharge of his duties and in such sum and with such sureties as the Board of Directors or the Administrative Committee may deem proper. The treasurer's accounts shall be audited annually by a certified public accountant and a report of the audit published in the official journal of the association.

ARTICLE IV.

Sec. 1. The Board of Directors shall manage and control the business of the association and in the interim of its meetings the Administrative Committee is empowered to act in its behalf and to assume its obligations and powers. The Board of Directors shall appoint all committees, standing and special, but may at its discretion transfer the making of these appointments to the president and secretary. The Board of Directors shall hold each year two meetings at least. One of these meetings shall be held immediately on the conclusion of each annual convention of the association and the second during September, unless the majority of the directors should decide upon some other time. The Board of Directors shall approve the annual budget and make no appropriations beyond the estimated income of the year and the sum in the hands of the treasurer not otherwise appropriated.

Sec. 2. The directors individually will be assigned certain districts for supervision and are expected to devote sufficient time and consideration to these districts. They will be expected to look after the welfare and progress of the local Associations of Credit Men in their respective districts to visit at least once during each year with these associations and to hold themselves always in readiness to advise with and assist the governing bodies and committees of the local associations in their district. The directors will also follow closely the affairs of the central office and the association as a whole.

Sec. 2. The directors shall be organized into special committees for the study and direction of certain of the association's departments for the purpose of advising these departments and the standing and special committees that may be assigned to them.

Sec. 4. In the interim between conventions vacancies occurring in the Board of Directors may be filled by a vote of the majority of its members and such directors will hold office until the convention immediately following their election.

ARTICLE V.

The membership of the association shall be divided into ten districts. These districts may be changed at annual conventions. The districts shall be as follows:

1. Massachusetts, New Hampshire, Rhode Island, Vermont and Maine.
2. Connecticut, New Jersey and New York.
3. Pennsylvania, Maryland, Delaware, District of Columbia, Virginia and West Virginia.
4. Kentucky, Ohio and Tennessee.
5. Illinois, Indiana, Michigan and Wisconsin.
6. Arizona, Arkansas, Kansas, Missouri, New Mexico, Texas and Oklahoma.
7. Alabama, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, Florida.
8. Iowa, Minnesota, Nebraska, North Dakota and South Dakota.
9. Colorado, Utah, Montana, Idaho and Wyoming.
10. California, Nevada, Oregon and Washington.

ARTICLE VI.

Councillors of local Associations of Credit Men shall represent their associations in the organizing of State and District Councils for the purpose of arranging, planning and conducting state and district conferences. The councillors shall study closely the affairs, plans and operations of the associations they represent, the problems of their state in credit matters and assist in organizing the Committee on Nominations of each annual convention. The councillors shall be the direct tie of influence of the various departments of the national association and the local associations they represent.

ARTICLE VII.

Sec. 1. The standing committees of the association as provided for in the constitution shall consider matters pertaining to the departments they represent. The resolutions and activities of preceding committees shall always be considered as well as resolutions adopted at conventions and declarations of the Board of Directors and Administrative Committee for the various departments of the association. In undertaking to consider ideas or suggestions for which the committee has no authority by precedent or custom, the Chairman shall first report the desires or conclusions of the committee on such subject to the Board of Directors or the Administrative Committee before the committee proceeds to take final or official action. The standing committee shall endeavor to bring about a uniformity of operation throughout the entire organization by establishing connection with similar committees of the local Associations of Credit Men. Cooperation must control in the operation and activities of local and national committees pertaining to the same department.

Sec. 2. Special committees may be authorized at annual conventions of the association by the directors of the Administrative Committee. The activities and procedure of such special committees will be controlled in the same form and manner as the standing committees. Special committees, when deemed important and necessary, may be continued from year to year by the action of a convention, a board of directors or administrative committee.

ARTICLE VIII.

All books, documents and reports of officers and committees shall be filed in the central office under the care and control of the secretary. Such books, documents and reports shall be produced whenever called for by the Board of Directors or by the association in convention. All equipment, records, books of account and reports are the property of the association.

ARTICLE IX.

These By-laws may be amended as provided for in Article 19 of the Constitution.

Membership Saved \$250,000

New York.—A banking member of the New York Association remarked recently, "These informal gatherings are worth while, aside from the personal end. A word I heard here recently saved my bank \$250,000. That would pay dues in the Association for 10,000 years."

Stepan's Notes on Mexico

Los Angeles.—Albert F. Stepan, Western Wholesale Drug Co., 2nd vice-president of the Los Angeles Credit Men's Association, writes *THE CREDIT MONTHLY* giving his observations while a member of the party of 125 who under the auspices of the Los Angeles Chamber of Commerce visited the Western Coast of Mexico as far south as Mazatlan. As it was only a flying trip Mr. Stepan wants it understood that he can give only first impressions.

The stopping points of the party were Nogales, Hermosillo and Guaymas in the state of Sonora and Culiacan and Mazatlan, in the state of Sinaloa, running down to Acaponeta in the State of Nayarit.

As far south as Mazatlan where tropical verdure is found, the aspect of the country is a good deal like Arizona and New Mexico—mountain and plains and not much wooded country. The soil is said to be rich and capable of much development. There are large areas of virgin land and one can travel for hours without seeing much land in cultivation. Politically there is a general desire for cessation from the unrest which has retarded the development of Western Mexico. The hope is that President Obregon can arrange peace and harmony and hold it with a firm hand. The people feel that the United States should recognize the Mexican government as such and that this action will greatly strengthen the present regime.

The Government is at peace with the Yaqui Indians, who caused so much devastation in Mexico. These Indians are being fed and clothed at the expense of the Government, which has adopted a policy of assimilation in preference to a policy of retaliation and perpetual warfare which had recently deteriorated into guerrilla warfare of the most expensive type.

The party was received with great hospitality and everywhere the desire was expressed with apparent great sincerity that the sister republics of the United States of America and United States of Mexico become closely allied in every way and that strong business relationship and mutual understanding should be built up.

The thing that impressed Mr. Stepan in a social way was the general absence of a large middle class and the presence on the one hand of an upper class, highly educated and wealthy, small in numbers, and on the other a large number of peasants, illiterate, ignorant and of a temperament easily swayed for good or bad by any fluent speaker. Under the auspices of General Callis a splendid work for Mexico is being done at the Military School of Cruz-Galves, at Hermosillo. Here 500 boys made orphans by the war are under military training. These little outcasts, many of them picked up on the field of battle, skilled in ways of crime, are in this school being developed into fine manhood. For the first time in their lives they here learn cleanliness, enjoy airy dormitories and halls, and get some idea of the satisfaction of doing work and doing it well. The multiplication of such schools will mean much for future Mexico.

From a commercial standpoint there is a field for the United States merchant, but he must not go into Mexico merely to exploit. He must go there to serve and build up as he goes. Everywhere the desire is expressed for closer understanding and this is evidenced by the fact that the Mexicans are eager to speak English.

Mr. Stepan adds, as a word to the exporter, that his experience over a num-

New Words

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camouflage backswep crank case
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contains answers to questions about these new words and hundreds of thousands of other words. Where else is this information to be found?

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Write for Specimen pages, illustrations, etc., of Regular and India Paper Editions. Free Pocket Maps if you mention *Credit Monthly*.

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Practically new RAND INDEX SYSTEM for sale at bargain. Will handle 8500 cards. Northwestern Auto Supply Company, Billings, Mont.

ber of years shows that unless followed up for more business and by closer relationship, it is useless to consider Mexican trade. One order, no matter how large, is not ordinarily profitable in domestic trade and this applies even more to the export trade. The relationship, therefore, started by a salesman, must be followed up by the house. This should not be left to the export manager, but one of the officers should go into the territory and get acquainted and will find this one of the best influences in building up a profitable trade.

Los Angeles, Mr. Stepan believes, can look forward to real opportunities for trade on the western coast of Mexico. The land is still in its infancy and under a stable government there is room for development far beyond the imagination, with the advantage in favor of the United States because of the desire for friendship found in Mexico.

Information Wanted

A man claiming to be Benjamin K. Lefcourt, 506 East 149th Street, N. Y. C., purchased at retail in a city in Rhode Island some automobile tires, etc., and offered for payment a certified check drawn on the Chatham & Phoenix National Bank in N. Y., which check is said to have turned out to be fraudulent. As the bank is said to have been notified of a large number of similar checks from various cities, it is requested that anyone having information as to the whereabouts of this man will notify the National Association of Credit Men. The man is described thus: About thirty-two years old, about 5½ feet in height, of dark complexion, brown hair and brown eyes, weighs 138 pounds, slightly humped nose, rather clean-cut and well-dressed, speaks quickly and fairly good English. He is said to have shown a discharge from the Army or a passport to serve as identification in some cases.

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Credit Analysis

How to Interpret CREDIT Reports, Balance Sheets, etc.

Particularly timely and valuable treatment for present credit conditions—prescribing a definite procedure of analysis that gives real meaning to financial statements. These ten lessons are prepared from the actual experience of leading credit authorities—directed by practical C. P. A. instructors. All lessons loose-leaf, kept constantly up to

date, giving keen ability to read beneath the surface of present day business conditions.

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City.....State?.....Age?.....Position?.....
Education?.....Any practical experience?.....
Ever studied accounting?.....Where and how much?.....

ADDRESSES WANTED

How many of these Addresses Can You Supply?

The credit man with a true spirit of co-operation reads the names of individuals whose addresses are unknown and sends along whatever information he has. "It is the little courtesies easiest to render that are often the most appreciated."

Improper business methods are not imputed to any of the persons mentioned below. It is simply that their addresses are missing.

Averbach, Philip, formerly of 554 Knickerbocker Avenue, Brooklyn, N. Y.
Blood, A. E., formerly employed Cronin-Swift Land Company, Providence, R. I. Believed to be following the Real Estate business.

Bruce, George A., formerly of Providence. Last known address 46 Windsor Place, Forest Hills, N. Y., travelling salesman for rugs and draperies.

Childers, J. A., formerly in business as J. A. Childers & Son, Hoisington, Kansas. Is said to have since bought a farm somewhere near Muskogee, Okla.

Community Sales Organization, Jamestown, N. Y., operated by Ada L. Moore and Arthur R. Law.

Cuff, Mrs. E. W., formerly conducted a general store in Superior, Nebraska, in partnership with her husband.

Damon, H., formerly operating under the name of Empire Milking Machine Company, Los Angeles, Cal. Is said to be located in St. Louis, Mo.

Engel, E. J., formerly operating a tire business at 415 East 149th Street, New York, N. Y.

Freed, J., formerly at 64 West 125th Street, New York, N. Y.

Getz Notions, Inc., formerly located at 39 West 27th Street, New York, N. Y.

Gordon, H., formerly of Wilmington, Del., and Passaic, N. J.

Greve, A., grocer, 2816 Grady Street, Davenport, Iowa.

Hansen, Harold C., The World's Business, 350 Broadway, New York, N. Y.

Hogan, Mary M., formerly of Providence, R. I., last address 725 Riverside Drive, New York City. Supposed to be doing hairdressing and manicuring, reported as being at the Waldorf-Astoria.

Howard, R. H., formerly of Lovell, Wyoming, believed to be in Denver.

Hughes, W. H., 7 Pine Street, New York, N. Y.

Maples, S. E., formerly resided at Westbourne, Tennessee. He has also resided at Cupp, Tenn., Fort Lawton, Wash., and Daytona, Fla.

Man's Quality Shop, Lubbock, Texas. We desire to locate the party who conducted this business.

Mensik, J. S., formerly in business at 5516 Archer Avenue, Chicago, Ill., later reported to be in Hollywood, California.

Michon, J. H. M., Unity, Sask. Was formerly with the "Michon Liberty Demountable Rim," at Chicago, Baltimore, Mount Ranier, Md., Toledo, O., and Beaver Falls, Pa., thence to Pittsburgh.

Morrison, Mrs. Marion E. or Mrs. E. E., formerly operated a millinery store in Newcastle, Wyoming.

Ravenel, Charles F., formerly employed by King-Richardson Company, Springfield, Mass., believed to be in Philadelphia.

Rex Tile Co., operated by M. Bloomberg and F. Bareis at 240 West 48th

THE CREDIT MONTHLY

Street, New York, N. Y.

Seivers, F. K., Eastland, Texas.
Springer, Emil, formerly at Detroit, Mich.

Talerico, A. C., formerly at 209 N. Leona Street, San Antonio, Texas.

Thomas, J. E., formerly of Topeka, Kansas.

Victory Shoe Store, Port Clinton, Ohio, operated by Jos. Sapotena.

Vinkos, Mrs., recently in business at 429 West 46th Street, New York City, using the style of Mrs. Vinkos Home Made Doughnut Shop. Was formerly in business at Camp Devon, Ayres, Mass.

White & McHugh, 970 8th Avenue, New York, N. Y.

World Harvester Corporation, 149 Broadway, New York, N. Y.

Yonkers Sporting Goods & Novelty Co., Brooklyn, N. Y.

Zickafoose, J. W., formerly of Dunbar, West Virginia.

Bartlebaugh, Albert, Glen Campbell, Pa.

Polan, Henry N., who left his home in Baltimore, in 1896 for Newton, N. C., at that time he was sixteen years of age.

Positions Wanted

Want Advertisements, 55 cents per line

CREDIT AND COLLECTION MANAGER—Age 32, married, eleven years' experience. Progressive, resourceful, and capable of assuming large responsibilities. Desires to locate with large jobbing or manufacturing concern, preferably in middle west or south.

President of this firm will gladly furnish information regarding advertiser's ability and record. Salary \$3,600. Address Advertisement 576.

CREDIT AND COLLECTION MANAGER—Age 33, college and legal education, four years' experience in farm equipment business, desires change to secure opportunity for advancement. Address Advertisement 577.

EXECUTIVE—Experienced in credits and collections, personnel, office management and organization work, desires position with reliable wholesale concern. Has had as many as 500 employees work under his personal supervision, has also some experience in practical advertising; would not object to out-of-town position; best references. Salary \$3,000. Address Advertisement 578.

CREDIT MAN of proved ability seeks engagement. At present employed as credit manager of a well known concern manufacturing cotton goods and night wear, doing large business with department stores throughout the country. Open for engagement after May 1st. Excellent credentials. Age 36, married. New York City preferred. Address Advertisement 579.

OFFICE AND CREDIT MANAGER—Young man, age 28, wants connection with live St. Louis manufacturer. Can invest \$5,000. Address Advertisement 580.

Hall Letter Boxes

A COMPARATIVELY small band of commercial crooks has succeeded in stealing sums of money aggregating in excess of \$200,000, it is said, in their recent operations in Eastern cities.

Their plan was to rent an office or part of a floor, erect a sign carrying the name of a regularly organized business concern, and during holidays, at night and on other favorable occasions would loot the hall letter boxes. They would retain all the letters containing checks, forge endorsements and deposit the checks in a bank (usually in a nearby city). By commencing their operations early in the month and closing each local operation towards the latter part of the month, they succeeded in depositing the stolen checks and cashing in virtually the entire balance within twenty-five days of starting. By the time the bank had made up monthly statements for customers, the fraud would be discovered, but, by this time the crooks had disappeared.

A group of individuals who perpetrated this crime is now serving sentence, but this should be a warning against the use of hall letter boxes. They are too easily pilfered.

Credit Men! These advertisers are buying space in YOUR magazine.

If Debtor Always Pays "On Account," You May Suffer

By F. I. Brenner

Stetson-Barrett Co., Los Angeles, Cal.
ONE of the most interesting—and annoying—experiences I have had in granting credit, was with an account whose responsibility was unquestioned.

He was a typical country merchant who conducted his business in his own peculiar manner, one of his peculiarities being that he always made payments "on account." It was one of the most active accounts we had, his purchases running about \$1,000 a week, shipments being made at the average of about four times a week. He kept paying "on account" \$1,000, \$1,500 or \$5,000, whatever amount he happened to have handy, but he never owed us as far back as thirty days. Consequently the account was a very valuable one.

We took up with him the matter of making a payment that would check his account to a certain date, and received reply that he was running his own business, and that if we did not like the way he was doing it to say so.

We did not like the way he was doing it, but did not say so. This situation continued for six years when finally the man died. His estate was ample to pay all he owed several times over, but the Probate Judge made us prove our account. A few minutes reflection will convince anyone, that to prove an account of this character was a stupendous job. We had to prove delivery of every single shipment to the railroad company, and show their receipt. The railroad company had to obtain the receipt of the truckman in the merchant's town, and the truckman had to show receipt of the merchant. To prepare this vast amount of data, we had to employ a special force, doing no other work than getting this brief into shape to submit to the Probate Judge.

When this notification was received by us, several other credit men thought that they had the laugh on us for the reason that they had taken the merchant's "account" payments and split them up to suit themselves, to balance the account to a certain date, but the Probate Judge held that such credits did not correspond with the merchant's books, and placed all the creditors in the same boat as ourselves.

The moral is, insist upon every account balancing to a certain stated period at frequent intervals.

(NOTE: This was one of the seven three-minute talks on the subject "My Most Interesting Experience in Credit Work" given at a recent meeting of the Los Angeles Association of Credit Men.—THE EDITOR.)

Pennsylvania-New Jersey Conference

Allentown.—Of remarkable interest was the fourth annual conference of Pennsylvania and New Jersey credit men held at Hotel Traylor, Allentown, Pa., April 7. Delegations attended from Allentown, Harrisburg, Johnstown, New Castle, Newark, Philadelphia, Pittsburgh, Reading and Wilkes-Barre. The program was as follows:

Address of Welcome, Harry I. Koch, president, Allentown Chamber of Commerce. E. J. Titlow, Allentown, presided.

A study of Credit Management; The Importance of Skillful Credit Work in Commerce and the Qualities Needed for Skillful Credit Management, J. W. Hallman, Philadelphia.

The Financial Statement, and the position it has taken in credit granting; The Elements of a Financial Statement and the Manner in Which It Can Best Be Interpreted

SANFORD'S

PREMIUM WRITING FLUID

The Bookkeeper's Delight

Wont Gum

Writes a Bright Blue

Flows Freely

Turns Black

Never Fades

and Analyzed, W. Van H. Eszerman, Newark, N. J.

The Moral Risk, A Study: Its Distinguishing Features; The Responsibility of the Credit Manager for Its Proper Handling, Charles F. Hess, Wilkes-Barre, Pa. (Part of Mr. Hess' paper appears on page 17 of this issue of the Credit Monthly.)

Taxation and Its Relation to Commercial Credits: A Review of the Excess Profits Tax and a Study of the Form of Taxation Which Can Best Produce the Necessary Revenue Without Discouraging Enterprises and Investments, C. L. Jamison, secretary and treasurer of the A. M. Byers Co., Pittsburgh.

A Study of Federal Reserve System During and Following the War Period; The Relation of the System to the Nation's Requirements and the Lessons That Have Been Learned From the Operation of the System in Meeting the Credit Needs and the Peculiar Conditions of This Period, R. S. Meek, Reading, Pa.

The Failing Account: How It May Be Discovered and How It Should be Treated When Discovered; A Test of Credit Ability, Harry L. Worman, Nazareth, Pa.

After each address National Secretary-Treasurer Tregoe conducted an illuminating quiz.

At the banquet in the evening, an address was delivered by Municipal Judge E. C. Bonniwell, of Philadelphia. National President W. F. H. Koelsch and Mr. Tregoe also spoke.

A Family Party

Buffalo.—It was Credit Managers' night with the Buffalo association at their March meeting. Addresses were made by various members. Frank A. Worth, Spencer, Kellogg & Sons, spoke on "The National Association," P. J. Kuhn, J. W. Clement Co., on "Credit Protection"; Edward Ellis, Heywood Bros. & Wakefield Co., on "Public Activities," and L. E. Chandler, Merchants' National Bank, on "Credit Interchange."

President Chase announced that arrangements had been made to combine with the Buffalo Chapter of the American Institute of Banking for the April meeting and that one of the principal speakers will be Dr. M. S. Rice of Detroit.

MacCorkle on Taxation

Charleston.—At a recent meeting of the Charleston Association Ex-Governor MacCorkle, of West Virginia, made a very able and interesting talk on Taxation, a subject of special interest to local members, as this is one of the big questions before the West Virginia Legislature, now in session. During the course of his talk the Governor said that he looked for a resumption of business to an even greater extent than during the war period.

At the meeting of April 15 the association had as its guests the Huntington Association. W. F. H. Koelsch, president of the National Association of Credit Men, and J. H. Tregoe, National Secretary, were the speakers.

Reviews and Prospects

Columbus.—At the meeting of the Columbus association last month A. R. Markle, of the Columbus-McKinnon Chain Company, a pioneer member of the association, and E. L. Abbott, of the First National Bank, made addresses on business conditions in the nature of reviews and prospects. Over one hundred members and guests were present.

Credit Men! These advertisers are buying space in YOUR magazine.

National Bank of Commerce in New York

Unemployed Funds

Funds temporarily uninvested need not lose earning power.

Reserves accruing for taxes, estate funds awaiting distribution, surplus accumulating for building operations or for dividends may be deposited under special arrangements subject to payment of interest at rates which vary according to conditions.



Capital, Surplus and Undivided Profits
Over Fifty-five Million Dollars

THE CREDIT MONTHLY

Charleston Officers

Charleston.—At the annual meeting of the Charleston association, F. D. Drumheller, cashier of the Kanawha Valley Bank, was made president; E. M. Keatley, of the Virginia Electric & Machine Works, and speaker of the House of Delegates of West Virginia, vice-president; and P. J. Newlon, cashier of the Citizens' National Bank, treasurer.

L. O. Emory presented an interesting paper on the subject of mercantile agency service.

Foreign Trade Meeting at Chicago

Chicago.—One of the most pressing problems confronting American business to-day is that of foreign trade. The throwing open of foreign markets would afford an outlet for the surplus products of our industries, which the domestic market is unable to absorb, and would give employment to thousands of workers who are now idle or working on part time. Not only Europe, but South America and the Orient want American goods, and America is ready to trade. The only element lacking is the financial machinery with which to carry on this great potential export trade.

Alive to the importance of this great problem, the Foreign Credits Committee of the Chicago Association of Credit Men, cooperating with the Chicago Association of Commerce and the Illinois Manufacturers' Association, held a dinner meeting for the discussion of plans which have been proposed for the financing of foreign trade. The widespread interest in the subject was manifested by the large attendance at the meeting, held in the grand ballroom at the Hotel LaSalle.

The speakers of the evening were Francis H. Sisson, vice-president of the Guaranty Trust Co. of New York (whose address is summarized on page 8 of this issue of THE CREDIT MONTHLY), and Hon. Wm. C. Redfield, former Secretary of Commerce, and now President of the American Exporters' Association.

F. D. Rock, of Armour & Co., Chairman of the Foreign Credits Committee of the Chicago Association of Credit Men, presided at the meeting and introduced the speakers.

Written Orders Required in Certain States

Cincinnati.—R. M. Byland, Secretary of the Cincinnati association, announces that he has compiled a list showing the statutory requirements of thirty-nine states where orders over a certain amount must be in writing.

Ohio Activities

Cleveland.—Carl N. Osborne of M. A. Hanna & Co., a large user of Trade Acceptances and Chairman of the Cleveland Bankers and Trade Acceptance Council, addressed a recent noon meeting of the Cleveland association at Hotel Statler on "The Use and Abuse of the Trade Acceptance." He said the adoption by business generally of the Trade Acceptance would make business healthier "creditwise" because it was a definite promise to pay in negotiable form, because it represented a current rather than a past-due account, and because it carried publicity on its face. He appealed to credit men to refuse to accept acceptances for past due accounts or on extensions as the surest means of wiping out the principal abuse of the instrument.

National President W. F. H. Koelsch

Credit Men! These advertisers are buying space in YOUR magazine.

and Manager C. D. West of the National Investigation and Prosecution Department were joint speakers at the evening meetings of the Cleveland association, March 28, on the eve of the annual Ohio State Conference at Youngstown which they addressed next day.

Nearly 100 members of the Cleveland association rode in special cars on the Erie Railroad to Youngstown on March 29 for the state conference which was largely attended and presented an unusually strong program. The morning and afternoon sessions were in the Moose Club auditorium and the noon luncheon in the Moose Club dining room. Registration was in the Ohio Hotel where the evening banquet was also held in the ball room. Mr. West was the noon speaker and Mr. Koelsch and National Secretary Tregoe were the evening speakers. Morning and afternoon speakers were: "Sanctity of Sales Contracts," J. B. Wiles, Portsmouth; "The Moral Risk," E. H. Bispan, Toledo; "Federal Taxation," E. H. Jaynes, Cleveland; "Thrift," F. W. Hecht, Dayton; "Correspondence," R. M. Lambert, Cincinnati; "Prices," A. J. Frame, Columbus, Special entertainment was provided for the ladies of whom a large number were in attendance.

Through the efforts jointly of the Cleveland and National Associations an indictment was secured in the United States district court at Cleveland in March of Henry Hollander on a charge of secreting assets in a federal bankruptcy case. He was arrested and arraigned and will be tried at an early date. Prior to the indictment hidden merchandise, said to have a purchase value of \$20,000 and appraised at about \$8,000, was recovered in ten different warehouses in Cleveland, where it had been placed under ten different names. This merchandise was part of the stock of the West 14th Street Dry Goods Co., of which Hollander was treasurer and manager. This company filed petitions in bankruptcy, offering a composition of ten cents on the dollar. Creditors numbered 216, only three of whom were in Cleveland and only one of these a member of the Cleveland association. The Adjustment Bureau of the Cleveland association went into the case, however, and obtained the trusteeship in the case in bankruptcy court. Investigation by the secretary of the Cleveland association followed and an experienced investigator was assigned from the National office to assist. Several weeks' efforts resulted in the recovery of merchandise described and the indictment of Hollander.

The Public Speaking Class of the Cleveland association concluded its third year's work on March 21 with a banquet in celebration of a unanimous victory won in debate with the Cleveland Advertising Club's Speakers Division. Each side elected a debating team of three members and the subject: "Resolved that the Principle of the Closed Shop Should be Universally Adopted by Business" was chosen for the contest. The Credit Men handled the negative side of the question and won the verdict of all three judges. The Credit Men's trio consisted of F. J. Dean, Johns-Manville, Inc.; J. D. Paterson, Aluminum Rolling Mill Co.; and H. V. Reed, The Root & McBride Co. The Credit Men were coached by Prof. R. A. Swink, instructor of the Public Speaking Class, former coach of debating teams at Ohio Wesleyan University.

Secretary of Navy at Detroit

Detroit.—Hon. Edwin Denby, Secretary of Navy, made an address at the Ladies' Night Banquet of the Detroit Association on April 5 at the Hotel Statler.

Credit Men! These advertisers are buying space in YOUR magazine.

Guardianship & Safety

IN the early days of The Chemical Bank—before the time of adequate vaults and efficient policing—it was the custom of the cashier to sleep in chambers directly above the banking room so that he might personally guard the funds of the bank's depositors night and day.

This same spirit of vigilant guardianship coupled with farsighted cooperation and modern banking methods is the cornerstone of this Bank's policy today.

We are seeking new business on our record.

THE CHEMICAL NATIONAL BANK

OF NEW YORK

Uncommon Sense

DETROIT.—The following advice to credit men is printed in the bulletin of the Detroit association.

Put YOURSELF into your collection letters. Get away from hackneyed and time-worn phrases.

Your customer wants to know just how long he can ride you. Set him right at the start and he won't forget it.

There was a time when a debtor thought the sky itself would fall on his head if he failed to take up a draft. But that day passed long ago.

Cooperate with your sales manager, and make it a rule never to overload a customer.

This is a common evil of the salesman, and has a serious back-kick to the credit department.

Fresh Activity in Hartford

Hartford.—Under the active direction of President Alton and Secretary Pierce the Hartford association is entering a new period of activity and expansion. Recent well-attended meetings have been addressed by National Director E. S. Boteler, and various members of the National Office including Secretary-Treasurer Tregoe. Twenty new members attended the recent meeting.

New Arkansas Association

Helena, Ark.—The new Helena Association of Credit Men in Arkansas has become affiliated with the National Association of Credit Men and is accorded a hearty welcome. It was recently formed with sixteen members. Officers are: O. V. Luke, of McRae Wholesale Hardware Co., President; E. M. Polk, of E. M. Polk, Vice President; John J. Truemper, of Ellis Gemmel Love Co., Secretary, and H. P. Anderson, of the Interstate National Bank, Treasurer.

New Indianapolis Secretary

Indianapolis.—Owing to the resignation of Lawrence G. Holmes, Secretary of the Indianapolis association, on account of ill-health, Edward E. White, Jr., a graduate of the Central Business College has been appointed to be secretary of the association, whose bulletin says: "He has had two years of experience in the business world which enables him to assume the tasks before him without trepidation. He expects to put forth all of the enthusiasm, punch and pep which he is capable of exerting in behalf of the Association and the ideals for which it stands. It goes without saying that he has the illustrious example, untiring effort and high ideals that the former Secretary had for the association to spur him on and help him to make the association what it has been in the past and present and what he hopes it to become in the future."

What Do I Get for My \$25?

New York.—In an article in its bulletin, John F. Hamlin, the assistant secretary of the N. Y. Credit Men's Association, says: "It is the reduction of risk, the retardation of crime, the protection against future eventualities, the creation of cleaner and safer conditions by which the whole business community is benefited, that make the service of the association valuable, rather than the immediate return which it yields in dollars and cents. The remarkable increase in the number of business associations of all kinds in the last decade is ample proof that progressive business men realize the value of that kind of service which is not expressed by the dollar sign. The wonderful growth of the New York Credit Men's Association is an eloquent tribute to the splendid work it has done in this direction."

A more courageous Credit Policy

is justified in the case of those firms that went through the liquidation period in good shape. While their balance sheets may not show as good a condition as last year, still the firm which was able to turn its inventories into cash at a sacrifice, and still remain relatively strong, is at the present time a good credit risk.

The Brookmire Economic Service will give you forward, accurate advice on your individual problems regarding credits, money rates, investments, price trends, etc.

This kind of advice has saved Brookmire clients hundreds of thousands of dollars. It is certain to save you at least the cost of the Service, which is very moderate.

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The Privilege of Joining

New York.—John H. Brennen, Atlantic National Bank of New York, who is an "Ace of Aces" in membership work in New York, writes in the New York association bulletin, "One point I wish to emphasize particularly and that is do not solicit but rather offer the prospect the privilege of joining. Explain to him that he is eligible, has the necessary capital and credit standing and should be associated with other reliable concerns, not only in his particular line, but in other lines of business. He will not only appreciate the compliment but will realize the privilege and embrace the opportunity."

Interchange Service

Pittsburgh.—Manager Bunce, of the Credit Exchange Bureau of the Pittsburgh association, thinks that members do not appreciate the large amount of service being rendered by local interchange bureaus. Citing the service for one day he reports that his bureau had compiled and mailed to other bureaus eighty-six complete reports. All inquiries had been received by the bureau within twenty-four hours of the time of mailing.

He points out that the bureau's subscribers are amply reimbursed by the reciprocal information which they get the benefit of, inasmuch as inquiring bureaus furnish the Pittsburgh bureau with a full report, showing the experiences gathered by them on the subject of the inquiry from all sources. Copies of their reports are sent to Pittsburgh members who have indicated an interest in the merchant in question.

Fairchance, Pa., to Pocatello, Ida.

How Manager Bunce Traced an Elusive Merchant
By Our Special Pittsburgh Correspondent

M. V. BOULENGER, of Fairchance, Pa., had a fire in February resulting in a total loss. The following month he bought a quantity of goods from Pittsburgh merchants, had them shipped to Fairchance, and stored at various places, and in April shipped the goods by automobile truck to Uniontown, thence by freight in carload lots. Here all trace of the goods was lost. No one seemed to know to what point the carloads had been consigned.

Investigators for the Pittsburgh Association of Credit Men, under the direction of Manager Bunce, found that Boulenger's mother had been committed to an institution by Fayette County, and was there under the name of Rose Senoble. This fact afterwards proved to be a clue.

Property statements made in March, 1919, to the agencies showed that Boulenger claimed stock in the Brookville Glass Company, and claimed to be worth \$61,000 with liabilities of but \$177.

Mr. Bunce received information leading him to believe that Boulenger had fled to Pocatello, Idaho. He learned that a carload of merchandise had arrived there the middle of April from Uniontown consigned to one Eugene Bastin, who had overpaid the freight that the railroad company had returned, by check, the excess amount—\$120. A correspondent in Pocatello examined the railroad company's check and found it had been endorsed by Eugene Bastin, also by R. Lenoble (not Senoble), who, it was found out, had bought a bankrupt store and had started in business at once. The latter name had a familiar look.

A detective and an attorney called on Lenoble, who in a quarter of an hour's conversation contradicted himself many times. They reported what they had learned and their suspicions to Mr. Bunce.

Mr. Bunce at once decided to put the Boulengers into involuntary bankruptcy, and although the time had expired by a day or two when such action could be taken, the judge decided to grant the petition and the District Attorney gave an order of arrest charging conspiracy to defraud creditors by concealing assets.

These formalities completed, Mr. Bunce started for Pocatello, Idaho. He had himself appointed ancillary receiver, but was required to give a

bond to indemnify Lenoble, if he did not prove to be the right party. The board of directors of the Pittsburgh Association was immediately called together and the bond authorized. Then followed the order of arrest from the District Attorney.

Mr. Bunce was now ready to visit the store to see if Lenoble were Boulenger. He entered without the United States marshal, who had accompanied him, and engaged the proprietor in conversation regarding stock in the Brookville Glass Company, which he pretended he wished to buy. As Mr. Bunce says: "They took the bait fine, swallowing hook, line and sinker." In a few minutes, satisfied that he had the right party, he called the marshal in and read the order appointing him as receiver.

The bankrupt refused to give up the keys, but the marshal did his part so well that they came to their senses and asked to see their attorney. Their attorney seemed not to understand a receivership or conspiracy to defraud creditors any more than the defendants did, but he advised his clients to give the receiver the keys, and all started for the commissioner's office. The commissioner was satisfied that Mr. Bunce had the right parties and let the Boulengers out under \$1,500 bail each. They immediately began to hunt for a bond, and Mr. Bunce for a watchman to take care of the property. The next day, under the order of the court, Mr. Bunce sold the perishable goods, and by noon received word from the bankrupts' attorney that they wish to negotiate, for they could get neither bail nor money to give cash bond, for Mr. Bunce had tied up their cash in the bank, about \$6,000. They stated that their latest inventory had shown \$16,000 in merchandise. Mr. Bunce tied up an account at Idaho Falls for \$1,000 and the safe deposit box, which it is said contained \$12,000 in Liberty bonds. By noon their attorney advised them to settle. Mr. Bunce agreed to push the case no farther upon the payment of all their obligations to the creditors and the expenses he had assumed.

Helpful and Sunny

Evansville.—The bulletin of the Evansville association says that "you can't get the honey a-cussin' the bees, and you can't gather fruit throwing bricks; when a man owes you money, be helpful and sunny—it's good-cheer that drives home, and sticks."

Credit Men! These advertisers are buying space in YOUR magazine.

Know Economic Law

From Address to a Trade Association
By J. H. Tregoe

Secy., National Association of Credit Men

TO most of us, government merely means a lot of politicians who pull wires. They do it because of our neglect. We have not been attending to the science of government as we have been to the making of money.

We started on this hemisphere the great experiment of government by the governed. Though we began splendidly, there came a line of cleavage right at the threshold. One line of thought, championed by Alexander Hamilton, we may call the industrial. The other, favored by Thomas Jefferson, may be called the agricultural. Gradually we have come to see that the operation of government should not be for one group more than for another.

Once again we must write a Declaration of Independence, by the pen of business. In this we all are concerned, for government is part of our business and must be made a science.

The business man must dignify the country or his money-making will not be genuinely successful. He must be conversant with economic laws. And then he can conduct his business efficiently and can demand from Congress just and helpful laws.

Conditions Abroad

Pittsburgh.—The officers of the Pittsburgh Association of Credit Men appreciate the vital importance to American commerce of conditions in Europe and Asia. They arranged for two addresses recently that threw light upon two phases of this subject.

One was by Paul Cassatt, treasurer of Shantung University, an American institution in China. Mr. Cassatt is an educator who has worked in China for seven years. The other address was by Miss Helen M. Davidson, whose topic was "Standards of American Business Honor and the Desirability of Cultivating Them Among the People of the Near East." Miss Davidson was during the war a teacher in Constantinople College. Owing to a serious accident, Miss Davidson could not deliver her address, which was read by her father, Dr. W. M. Davidson, Pittsburgh Superintendent of Schools.

Numberless Benefits

South Bend.—R. O. Morgan, Oliver Chilled Plow Works, says, in the South Bend association bulletin, that "the benefits of membership in the South Bend Association of Credit Men are almost numberless, but I value perhaps most the monthly meetings where friendship among the credit men often prove to be a real asset in future business, and the interchange of ideas is beneficial to all. In addition the speakers usually bring us a timely message that should be absorbed. My feelings may be summed up in the statement that in the past three and one-half years I have never missed a meeting except through absence from the city."

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THE CREDIT MONTHLY

Public Speaking for Credit Men

By Chiel O'Mangus

"ONE of the best things the Cleveland Association of Credit Men does is to maintain a class in public speaking," said E. H. Jaynes, of the Cleveland Cliffs Iron Co., Cleveland, past president of the Cleveland association. "We engaged a professor of elocution from a local college and held weekly meetings with subjects assigned beforehand. There were nearly forty men in the class the first year.

"We got instruction the second year from a man who had platform experience in the lyceums. We combined with the local chapter of the American Institute of Banking and the Cleveland Advertising Club and had competitive debates.

"Not one business man in a thousand can work to his full capacity without knowing how to stand up on his hind legs and talk easily and effectively. Most men who can express themselves in a satisfactory way have learned to do so in the bitter school of experience. They could have saved themselves a great deal of time and embarrassment by studying the rules of the game in such a class as we have organized in Cleveland.

"I heartily recommend a class in public speaking as of great utility to its members and as being an up-builder of credit men's associations.

"The best speech made by a member of the public speaking class in the recent three-cornered competition with the Advertising Club and Institute of Banking was entitled, 'I am the Credit Man,' and delivered by Carl G. Pritchard, of the Harris Automatic Press Co. The speech was as follows: "

I am a Credit Man. Apart from the busy marts of trade, yet near at hand, I sit and ponder the affairs of men.

My basis of judgment is simple and scriptural—"By their fruits ye shall know them."

My method of application is likewise based on Holy Writ—"To him that hath shall be given and from him that hath not shall be taken away even that which he hath."

To my judgment seat come the rich and the poor, the mighty and the lowly. From the far corners of the earth come kings and princes and statesmen bearing in their hands the weal or woe of nations, for without me they can do nothing.

Likewise come also the captain of industry, the daring inventor, the struggling merchant, even the tiller of the soil, all seeking the approval that shall enable them to live and to serve their generation, for no man liveth unto himself.

At my bidding the mighty powers of civilization spring into activity. Broad continents are belted from coast to coast with highways of steel, rushing torrents are harnessed and made to serve the will of man, giant factories spring into being.

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and villages, towns and cities multiply and replenish like magic.

I am the Master of business. The world, the flesh and the devil seek my favor and acknowledge my power.

I fear no enemy except "hard times" and acknowledge no authority save God Almighty and His infinite wisdom, for I am the Credit Man.

Instruction in Fire Protection

THE National Association of Credit Men has joined with the National Fire Protection Association, the Fire Marshals' Association of America, the National Board of Fire Underwriters, and other organizations in advancing in the various states legislation making compulsory instruction in fire hazards and fire prevention along the lines already adopted in New Jersey. The model act reads as follows:

Be It Enacted by the Senate and General Assembly of the State of

COURSE OF STUDY IN FIRE PREVENTION

1. The State Fire Marshal and the Commissioner of Education are hereby empowered and directed jointly to provide a course of study in fire prevention for use in the public, private and parochial schools of this State dealing with the protection of lives and property against loss or damage as result of preventable fire.

2. It shall be the duty of the board of education, school directors, trustees or other committees or persons having control of the public, private or parochial schools in each township, village, borough or city or school district thereof to arrange for said course of study in fire prevention and to compel its use in each school under its or their control or direction.

3. On and after September first, one thousand nine hundred and twenty-one, it shall be the duty of each teacher in public, private or parochial school of the State of ——— to devote not less than one hour in each month, during which such school is in session, to the instruction of the pupils thereof in said course of study in fire prevention comprising the ways and means of preventing loss and damage and property through preventable fires.

4. This act shall take effect immediately.

Are You Underinsured?

Newark.—Ralph Simmons, chairman of the Fire Insurance and Prevention Committee of the Newark association, writing in the association bulletin, says: "In our own insurance accounts most of us are underinsured, even those who carry 'full insurance.' We take our 'on hand' and order insurance for that amount. Few of us realize that ordinary insurance covers only the replacement value; the contract does not indemnify for expense in conjunction with this merchandise—often an important item. For example: Advertising already paid for, which is, in many instances, lost when the destruction of the advertised article prevents the filling of orders, cannot be charged to the insurance company under an ordinary policy of insurance. Is this loss not often greater than the actual replacement of goods? I shall not answer, as each is a case unto itself. The points are (1) that it is an actual asset, as destructible, if not more so, than the merchandise itself; (2) that it can be, but is not insured, even by those who profess to carry 'full' insurance."

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AGENTS AT ALL IMPORTANT POINTS

Books, Pamphlets and Articles Read for the Credit Man

(Continued from page 31)

CREDIT MAN FAVORS DISCOUNTING RETAILER. M. J. Johnson Bulletin of Nat'l. Wholesale Grocers' Assn. M. L. Toulme, Editor. Feb.

This California credit man sets forth in detail how and why the retailer who discounts his bills is a desirable customer. He closes the discussion that has been going on among members of the National Wholesale Grocers' Association. The members in general are in favor of the retailer who discounts.

NOAH VAIL AND ABOU BEN HUSTLER. Fable in March, 1921, Bulletin of Minneapolis Assn. of Credit Men. B. K. Postlethwaite, Diamond Iron Works Co., Chmn., Bulletin Committee; W. O. Hawkins, McClellan Paper Co., Sec.-Treas.

Once upon a time there was a credit man who had an Aching Void in his Heart. He had stuck around the office feeding upon Property Statements until he was thin enough to take a Bath in his Fountain Pen and he longed for the Fresh Air. And as it was not the Open Season for annual conventions, and not possessing a permanent pass to those Functions anyway, he decided to get out on the Territory and meet some of his customers Face to Face.

An so it came to pass that this credit man, I. Will Ketcham, inveigled the cashier of his House out of some Advance Money and filled his grip with expense books and a Pipe, and Hit the Trail. And that same night, when the sun was set, he hired a taxi and rode to the Station, where he bought a Compartment right next to the Dining Car. For he was an ex-traveling man and was on to the Ropes.

And late in the afternoon of the Next Day he drew near unto the town of Hustler. Now this credit man had two accounts in that Town, one with Abou Ben Hustler and the other with Noah Vail. And Abou was a Live Wire and he knew it, while Noah was a Dead One but he knew it not.

And I. Will Ketcham arose and went straightway unto the Business Emporium of Abou Ben Hustler which was the biggest building on Main Street. But Abou Ben was exceedingly busy waiting on Trade, insomuch that he had no time just then to talk with I. Will Ketcham, although he welcomed him with the Glad Hand and told him to come back in the Store at Closing Time.

And so this Credit Man walked along down the main street of the Town, across the Railroad Tracks and over the creek and around the corner to a Side Street where he located the store of his other customer, Noah Vail. And it didn't look as if Noah had done very much business that day, for there were no customers in the store and the Proprietor of the Ark was even then behind the Counter sound asleep with his head in the Sugar Barrel. And I. Will figured it out that the best time to catch this Bird and work on his Bill was when he opened up in the morning.

So he walked around for a while and Sized Up the Town. And he found out that Abou Ben was the Mayor of Hustler, that he was a Director in the Bank and Chairman of the School Board, a Deacon in the Church and Chief Booster in the Commercial Club, and President of every-

thing in the Town except the Ladies' Aid Society. Abou Ben was a Leading Citizen and a Hustler from the word "Go" and he had kept the Town from falling into the Creek.

And all the inhabitants round about swore by Abou Ben, save only Noah Vail who swore at him. For Envy, like the Wind, always howls the loudest around the Highest Peaks.

And that same evening after supper Abou Ben Hustler and I. Will Ketcham went back to the store and talked over Old Times. For I. Will, after the manner of real constructive credit men, had been a Real Friend to Abou Ben Hustler in the earlier years and had helped him pull the Load up the Hill. When Abou first came to the City and asked for Credit he carried his Capital in his Match Safe, but he had Character and Capacity to Burn. And I. Will furnished the Confidence and by Co-operating they nursed Little Capital along until he was big enough to walk by himself and make a Noise like a Check.

And Abou Ben showed I. Will all around the store, from Wax figures in the Show Window to the Cider Keg in the Basement. For he had a good clean up-to-date stock of goods, attractively displayed, and was proud of his Success. And they checked over the books together and found that Abou Ben Hustler had turned his stock four and a half times during the year, that he had taken Inventory at Market Value instead of Cost Price, that he had taken his loss like an Optimist and was selling his goods to his customers on that Same Basis, that he kept a Perpetual Inventory and was always Fully Insured, and that his Collections were followed up in such a Systematic and Friendly way that his customers were just as glad to Pay their Bills as they were Satisfied with his Goods and his Service.

And I. Will Ketcham went back to his hotel that night with a nice Fat check in his pocket, likewise also an order for More Goods.

And the next day when morning was come he arose and walked along down the main street of the Town, across the Railroad Tracks and over the Creek and around the corner to the Side Street to the store of his other customer, Noah Vail. For Noah owed the House a Bunch of Money, and it was up to I. Will Ketcham to Pry it Loose. But Noah was unusually Tired that morning and did not get On the Job until nine o'clock, for he had been Playing Poker the night before, insomuch that he Shuffled even when he Walked.

And I. Will Ketcham and Noah Vail went into the store together where they could quietly talk over arrangements for the Funeral. And it transpired that Noah Vail hadn't taken an Inventory since Bryan began running for the Presidency; that he had been extending credit freely since the Beginning of Time, and that his Insurance expired way back when he collected a bill from the Methodist Preacher; that the only reason he hadn't had a Fire was because his Stock Turn Over was too slow to produce Friction any place; and that he had his stock arranged like the Aftermath of a Worn Out Cyclone, with the Rubber Boots Crowding the Santa Clara Prunes off the Shelf, and the Chocolate Creams in the same show case with the Mica Axle Grease.

And so it came to pass that I. Will threw up the sponge, and after taking a Trust Deed to the Bureau retired to his credit corner ready to Take his Medicine with the Other Creditors.

THE CREDIT MONTHLY

Moral—The money the other fellow has is Capital—getting it away from him is Labor; and about the only way to broaden the minds of some Noahs is to put 'em under a Steam Roller.

TREGOE'S TEN COMMANDMENTS FOR AMERICAN BUSINESS IN 1921. From an article by Like Archer, Public Ledger, Phila., Sunday, Feb. 13, 1921.

1. Buy what thou needest, but Buy Moderately and Wisely.
2. Keep the Wheels of Industry turning continually, thereby minimizing that dread factor—Unemployment.
3. Bring about a deflation of Credit and Currency through the free movement of Commerce.
4. Stabilize Exchange by releasing some Gold Reserves to Europe.
5. Encourage domestic Thrift and Savings.
6. Insist upon Economy in the administration of Government Finances.
7. Avoid Speculation, especially in Low Priced Commodities.
8. Be Definite as to the Time of Execution and Delivery of Orders.
9. Exhibit an increasing Love of Nation and an Abundant Faith in her Traditions by being a Bull on America.
10. Fear not, but with quiet Confidence and Steadfastness of Purpose "Go Forward" even as the doughboys said "Let's Go!"

THE YOUNG CITIZEN'S OWN BOOK. Chelsea Curtis Fraser. Thomas Y. Crowell Co. 1920. 314 pp.

Written to make the young citizen realize the purpose and value of law, this book explains briefly the growth and development of the Federal Government. A history of the various departments is sketched, and the correlation of the various branches of government is shown in a general way. Although written primarily to interest boys in the workings of our Government, it will be of interest to those adults also who have forgotten how our Government was developed, do not appreciate the scope of its work and who, therefore, are in no position to offer constructive criticism of the Government.

"200 or Bust"

Springfield.—F. H. Belden, Jr., Secretary-Treasurer of the Western Massachusetts Association of Credit Men in his Association Messenger says: "Two hundred or bust! That's the way we regard our membership drive which is now on. Chairman Lesquier and his trusty aids, Buck and Deitz, are out to put us over the top. Will you produce ONE new member? We are not asking you to secure TWO, but it would be mighty fine if you did. Somewhere there is a business house, or business friend, whom you, more than any other person, can influence. That's the ONE for you to sign up, NOW!"

Kipling Started It

Detroit.—J. U. Higinbotham while a member of the Detroit Association of Credit Men wrote the now celebrated parody on Kipling's "If," the last two lines of which are:

"If you can do all this (I'll say you can) You're more than human—you're a CREDIT MAN,"

and which appeared in the January issue of THE CREDIT MONTHLY.

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Note: A. C. M. means Association of Credit Men.

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STATEMENT OF THE OWNER-SHIP, MANAGEMENT, CIRCULATION, ETC., REQUIRED BY THE ACT OF CONGRESS OF AUGUST 24, 1912, OF THE CREDIT MONTHLY, PUBLISHED MONTHLY AT NEW YORK, N. Y., FOR APRIL 1, 1921.
County of New York } ss.
State of New York }

Before me, a Notary Public in and for the State and County aforesaid, personally appeared William Walker Orr, who, having been duly sworn according to law, deposes and says that he is the editor of THE CREDIT MONTHLY, and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management (and if a daily paper, the circulation), etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, embodied in section 463, Postal Laws and Regulations, printed on the reverse of this form, to wit:

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Publisher, National Association of Credit Men, 41 Park Row, N. Y. C.; Editor, William Walker Orr, 41 Park Row, N. Y. C.; Managing Editor, Rodman Gilder, 41 Park Row, N. Y. C.; Business Managers, None

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No. 4

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PRESIDENT

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PRODUCTION MANAGER

55 Acres of Borrowed Trouble

"The first tanker will dock here in just four months," declared the President, looking across the fifty-five-acre site of the gigantic new oil works. "By then we simply must be in full running order."

"The piping is what I'm worried about," mused the Production Manager, half to himself.

"It can't be done," exclaimed the Plant Engineer, whose hobby was his record under Goethals. "You've no idea how many unlooked-for things can come up in a job like this. No one ever dreamed of a whole hill sliding into the Panama Canal at Culebra Cut. Why, there's actually more than 68 miles of piping required here."

"I don't care if there's a hundred and sixty-eight, or if the Canal did fill up," flashed the President, "this job's got to go through on schedule, and it's going!"

"But in sixty-eight miles of this kind of piping," the Plant Engineer came back, "there are high and low pressure steam lines, acid, air and water lines, besides all the miscellaneous connections to stills, coking plants—why there must be over fifty thousand joints of one kind and another to make trouble."

The Consulting Engineer turned—started to reply. But again the President broke in with—"It can't take more than four months, remember—it simply can't."

"All right," persisted the Plant Engineer, "but if you rush construction like that, you can figure on giving me a big repair gang to tighten acres of leaky joints after the construction army is gone—"

"You're borrowing trouble, old man," smiled the Consulting Engineer. "I'll bet you a suit of clothes there won't be a hundred leaks in the whole job when it's tested out."

"Only a hundred leaks in 68 miles of rush, overtime piping? I'll go you."

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(Member, Audit Bureau of Circulations)

Published at 41 Park Row, New York, by the National Association of Credit Men
William Walker Orr, Editor Redman Gilder, Managing Editor

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Editorial Comment

How Co-operation Saved American Business

NOW that the worst strain of the readjustment period is over, we can speak freely of the dangers through which we have passed and of which the great body of our citizens were quite unconscious largely because confidence in our underlying strength was never broken.

The period has given us a wonderful demonstration of the force of co-operation, as wonderful in the business world as we had in the military world when Marshal Foch held supreme command over all the allied forces in the War. It was co-operation among banks and business houses under the encouragement and guidance of the Federal Reserve Banks that brought us through with fatalities far below what were to be expected in view of the violence of the liquidation process that went on throughout the world.

There have been times of stress when the laws upon our statute books actually prevented, and even penalized, co-operation. The National Association of Credit Men in its earliest days resolved that this was intolerable, that laws must be framed to encourage the application of the principles of co-operation. The result was that a National Bankruptcy Law was enacted which brought to an end the days of "To the swiftest creditor belong the spoils."

That was a great step: but we needed to take another. We needed to change the law which forced our banks to contract for the protection of their reserves, when the order of the day should have been to meet the emergency by making and not by calling loans, and we brought about this change by enactment of a law which has given the world, not alone our country, the greatest reserve of reserves for meeting a commercial crisis that has ever existed and the greatest force for commercial co-operation that was ever conceived.

One of the fruits of civilization is preparation to meet emergencies in such manner as to suffer the minimum of loss. Our credit system is so complex and involves so many interrelations, that it was long before we developed the means of meeting credit emergencies. When we fully recognized that the solution of our difficulties lay in co-operation, we set out to obtain legislation favorable to and even compelling co-operation

The Federal Bankruptcy Law and the Federal Reserve Act gave us the machinery of co-operation, and that machinery has been put to a supreme test during the last year and found wonderfully effective.

Let us be thankful for these two laws. But for them there probably would have been a situation comparable to the days of '57 when weak and strong went down together, impotent to stay the fury of panic.

A Basis for Germany's Credit

NOTHING has carried so much promise of good in the international problems of the moment, as the message of Robert Friedlaender to his people, given after an examination of the Allies' ultimatum and protocol, and printed in recent press despatches. He says to Germany: "Let us go to work; the Allies' terms are reasonable and can be fulfilled under conditions which may be taken for granted and which, indeed, will be incorporated into the treaty. Germany's ability is dependent on the return of Germany's industrial capacity, inventive genius and enterprise to the pre-war basis at least, and on the condition that no integral parts of her territory be detached, which would create irredentas on the borders."

He admits that his people have a thorny, rocky road ahead, but believes that acceptance now will remove the paralyzing burden of uncertainty and enable Germany's economical organization to settle down to the job of producing the surplus needed to meet the reparations terms.

It will be well if the prophetic word of Robert Friedlaender is heeded by his fellow countrymen. Now that the task set before the German people by the Allies has been accepted, the greatest obstacle to a forward movement will be removed.

Despite the hatred, bitterness and suspicion engendered by the war, it is possible to usher back a new era of cordial good-will if every nation, and particularly if Germany sincerely undertakes the task.

Then Germany will offer a basis for those vast credits which it requires; and the markets of the world for raw products, which have been badly disjointed, will be restored to normal and the paralysis of industry caused thereby will be relieved.

The Way to Beat the Soldier Bonus

HOW alert we must be to forestall what has all the earmarks of pernicious legislation invented by politicians exploiting the "soldier vote" is shown by the approval recently given by the New York Legislature to the "veterans' preference amendment" to the state constitution. The amendment—giving preference in state appointment and promotion, without regard to standing on an eligible list, to former honorably discharged soldiers and sailors—plays havoc with sound principles of civil service; it does not even have the merit of giving preference to the wounded service man. Fortunately the amendment goes to the people for ratification or rejection at the next general election in New York State. The thousands of credit men in all parts of the state can no doubt be counted on to vote against this thoroughly inequitable amendment.

A FEDERAL BONUS

A more far-reaching example of apparent exploitation of the "soldier vote" is the present well organized attempt on the part of politicians, some of them former service men, to saddle the country with the intolerable expense of a blanket bonus for men, however healthy, who were fortunate enough to bear arms for their country during the war that ended thirty months ago. Credit men in convention assembled went on record a year ago against the indiscriminate bonus, and are likely to do so again. The most effective action the 33,000 organized credit men of the country can take against the bonus is to work unremittingly in favor of the prompt, generous and intelligent provision for former service men suffering physical or mental disabilities. *Nothing is too good for these sick men; nothing is precisely what the well ex-service men should get.*

Even if the services rendered in the war by credit men and their sons did not entitle them to protest against the exploitation of service men, they would still be in a position to analyze the effects of an indiscriminate bonus for ex-soldiers and sailors. A flat bonus would be unfair to most of those who received it; and a scientific bonus based on the actual sacrifices made by each man, would be humanly impossible to figure.

